



# House of Representatives

General Assembly

**File No. 638**

January Session, 2021

Substitute House Bill No. 6443

*House of Representatives, May 10, 2021*

The Committee on Finance, Revenue and Bonding reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1       Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2       (1) "Employer" means an employer required to deduct and withhold
- 3       tax from wages pursuant to section 12-705 of the general statutes; and
- 4       (2) "Electing employee" means an employee of an employer, who (A)
- 5       is required to have amounts withheld from wages pursuant to section
- 6       12-705 of the general statutes, (B) receives an annual gross income for
- 7       wages from such employer of more than forty thousand dollars, and (C)
- 8       elects to participate in the wage compensation tax program established
- 9       under subsection (b) of this section.
- 10       (b) (1) There is established, for taxable years commencing on or after
- 11       January 1, 2022, a wage compensation tax program in which any
- 12       employee may elect to participate and the employer of such electing
- 13       employee shall pay a tax on the wages of such employee.
- 14       (2) There is imposed a tax on each employer that employs an electing

15 employee, in an amount equal to five per cent of such electing  
16 employee's wages. Each such employer shall remit the tax to the  
17 Department of Revenue Services in accordance with the provisions of  
18 subsection (f) of this section. All revenue collected pursuant to this  
19 section and any interest and penalty related thereto shall be deposited  
20 in the Connecticut Equitable Investment Fund established under section  
21 13 of this act.

22 (3) Each electing employee shall be allowed (A) a credit against the  
23 tax imposed under chapter 229 of the general statutes, as provided in  
24 subsection (g) of this section, and (B) a deduction from such electing  
25 employee's federal adjusted gross income, as provided in subdivision  
26 (20) of subsection (a) of section 12-701 of the general statutes, as  
27 amended by this act, for contributions made to a Roth individual  
28 retirement account under 26 USC 408A, as amended from time to time.

29 (c) (1) Each employer shall inform its current and newly hired  
30 employees of the wage compensation tax program and provide to each  
31 employee (A) information about how such employee may elect to  
32 participate in such program, and (B) an estimated tax table that provides  
33 projections of what such employee's wages and tax liability under  
34 chapter 229 of the general statutes might be if such employee  
35 participates in the program and what such wages and tax liability might  
36 be if such employee does not participate in the program.

37 (2) No employer may prohibit an employee from participating in  
38 such program, except that each employer may establish a reasonable  
39 minimum period of time that an electing employee is required to  
40 maintain participation in such program.

41 (d) (1) Each employer shall offer to pay, for any individual to whom  
42 such employer will be required to issue an Internal Revenue Service  
43 Form 1099 for any taxable year commencing on or after January 1, 2022,  
44 the tax set forth in subdivision (2) of subsection (b) of this section as if  
45 the amount reportable on said form were wages paid by such employer  
46 to the individual. Each employer shall provide to each such individual  
47 an estimated tax table that provides projections of what such

48 individual's tax liability under chapter 229 of the general statutes might  
49 be if the employer paid such tax and what such tax liability might be if  
50 such tax is not paid. Each employer that pays the tax under this  
51 subdivision shall remit such tax to the Department of Revenue Services  
52 in accordance with the provisions of subsection (f) of this section.

53 (2) Each individual for whom an employer has paid the tax under  
54 subdivision (1) of this subsection shall be allowed a credit against the  
55 tax imposed under chapter 229 of the general statutes, as provided in  
56 subsection (g) of this section.

57 (e) The Department of Revenue Services shall assist employers in the  
58 preparation of the estimated tax tables required under subsections (c)  
59 and (d) of this section.

60 (f) Any employer that is subject to the tax imposed under subsection  
61 (b) of this section or the payment of the tax under subsection (d) of this  
62 section shall remit such tax to the Department of Revenue Services at  
63 the same time and in the same manner such employer would be  
64 required to pay the tax under section 12-705 of the general statutes, and  
65 shall file a return in such form and manner as the Commissioner of  
66 Revenue Services prescribes. Any individual who is under a duty to act  
67 on behalf of an employer to comply with the provisions of this section  
68 shall be jointly and severally liable with the employer for any tax,  
69 amount, interest or penalty owed under this section.

70 (g) For taxable years commencing on or after January 1, 2022, each  
71 electing employee, and each individual for whom an employer has paid  
72 the tax under subsection (d) of this section, shall be allowed a credit  
73 against the tax imposed under chapter 229 of the general statutes, in the  
74 amount of ninety-five per cent of (1) the taxes paid by the employer of  
75 such electing employee on such employee's wages, or (2) the taxes paid  
76 on behalf of such individual pursuant to subsection (d) of this section,  
77 as applicable. If the amount of the credit allowed pursuant to this  
78 subsection exceeds the electing employee's or individual's liability for  
79 the tax imposed under chapter 229 of the general statutes, the  
80 Commissioner of Revenue Services shall treat such excess as an

81 overpayment and, except as provided under section 12-739 or 12-742 of  
82 the general statutes, shall refund the amount of such excess, without  
83 interest, to such electing employee or individual.

84 (h) The provisions of sections 12-550 to 12-554, inclusive, and section  
85 12-555a of the general statutes shall apply to the provisions of this  
86 section in the same manner and with the same force and effect as if the  
87 language of said sections had been incorporated in full into this section  
88 and had expressly referred to the tax imposed under this section, except  
89 to the extent that any such provision is inconsistent with a provision of  
90 this section.

91 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of  
92 section 12-701 of the general statutes is repealed and the following is  
93 substituted in lieu thereof (*Effective January 1, 2022, and applicable to*  
94 *taxable years commencing on or after January 1, 2022*):

95 (B) There shall be subtracted therefrom:

96 (i) To the extent properly includable in gross income for federal  
97 income tax purposes, any income with respect to which taxation by any  
98 state is prohibited by federal law;

99 (ii) To the extent allowable under section 12-718, exempt dividends  
100 paid by a regulated investment company;

101 (iii) To the extent properly includable in gross income for federal  
102 income tax purposes, the amount of any refund or credit for  
103 overpayment of income taxes imposed by this state, or any other state  
104 of the United States or a political subdivision thereof, or the District of  
105 Columbia;

106 (iv) To the extent properly includable in gross income for federal  
107 income tax purposes and not otherwise subtracted from federal  
108 adjusted gross income pursuant to clause (x) of this subparagraph in  
109 computing Connecticut adjusted gross income, any tier 1 railroad  
110 retirement benefits;

111 (v) To the extent any additional allowance for depreciation under  
112 Section 168(k) of the Internal Revenue Code for property placed in  
113 service after September 27, 2017, was added to federal adjusted gross  
114 income pursuant to subparagraph (A)(ix) of this subdivision in  
115 computing Connecticut adjusted gross income, twenty-five per cent of  
116 such additional allowance for depreciation in each of the four  
117 succeeding taxable years;

118 (vi) To the extent properly includable in gross income for federal  
119 income tax purposes, any interest income from obligations issued by or  
120 on behalf of the state of Connecticut, any political subdivision thereof,  
121 or public instrumentality, state or local authority, district or similar  
122 public entity created under the laws of the state of Connecticut;

123 (vii) To the extent properly includable in determining the net gain or  
124 loss from the sale or other disposition of capital assets for federal income  
125 tax purposes, any gain from the sale or exchange of obligations issued  
126 by or on behalf of the state of Connecticut, any political subdivision  
127 thereof, or public instrumentality, state or local authority, district or  
128 similar public entity created under the laws of the state of Connecticut,  
129 in the income year such gain was recognized;

130 (viii) Any interest on indebtedness incurred or continued to purchase  
131 or carry obligations or securities the interest on which is subject to tax  
132 under this chapter but exempt from federal income tax, to the extent that  
133 such interest on indebtedness is not deductible in determining federal  
134 adjusted gross income and is attributable to a trade or business carried  
135 on by such individual;

136 (ix) Ordinary and necessary expenses paid or incurred during the  
137 taxable year for the production or collection of income which is subject  
138 to taxation under this chapter but exempt from federal income tax, or  
139 the management, conservation or maintenance of property held for the  
140 production of such income, and the amortizable bond premium for the  
141 taxable year on any bond the interest on which is subject to tax under  
142 this chapter but exempt from federal income tax, to the extent that such  
143 expenses and premiums are not deductible in determining federal

144 adjusted gross income and are attributable to a trade or business carried  
145 on by such individual;

146 (x) (I) For taxable years commencing prior to January 1, 2019, for a  
147 person who files a return under the federal income tax as an unmarried  
148 individual whose federal adjusted gross income for such taxable year is  
149 less than fifty thousand dollars, or as a married individual filing  
150 separately whose federal adjusted gross income for such taxable year is  
151 less than fifty thousand dollars, or for a husband and wife who file a  
152 return under the federal income tax as married individuals filing jointly  
153 whose federal adjusted gross income for such taxable year is less than  
154 sixty thousand dollars or a person who files a return under the federal  
155 income tax as a head of household whose federal adjusted gross income  
156 for such taxable year is less than sixty thousand dollars, an amount  
157 equal to the Social Security benefits includable for federal income tax  
158 purposes;

159 (II) For taxable years commencing prior to January 1, 2019, for a  
160 person who files a return under the federal income tax as an unmarried  
161 individual whose federal adjusted gross income for such taxable year is  
162 fifty thousand dollars or more, or as a married individual filing  
163 separately whose federal adjusted gross income for such taxable year is  
164 fifty thousand dollars or more, or for a husband and wife who file a  
165 return under the federal income tax as married individuals filing jointly  
166 whose federal adjusted gross income from such taxable year is sixty  
167 thousand dollars or more or for a person who files a return under the  
168 federal income tax as a head of household whose federal adjusted gross  
169 income for such taxable year is sixty thousand dollars or more, an  
170 amount equal to the difference between the amount of Social Security  
171 benefits includable for federal income tax purposes and the lesser of  
172 twenty-five per cent of the Social Security benefits received during the  
173 taxable year, or twenty-five per cent of the excess described in Section  
174 86(b)(1) of the Internal Revenue Code;

175 (III) For the taxable year commencing January 1, 2019, and each  
176 taxable year thereafter, for a person who files a return under the federal

177 income tax as an unmarried individual whose federal adjusted gross  
178 income for such taxable year is less than seventy-five thousand dollars,  
179 or as a married individual filing separately whose federal adjusted gross  
180 income for such taxable year is less than seventy-five thousand dollars,  
181 or for a husband and wife who file a return under the federal income tax  
182 as married individuals filing jointly whose federal adjusted gross  
183 income for such taxable year is less than one hundred thousand dollars  
184 or a person who files a return under the federal income tax as a head of  
185 household whose federal adjusted gross income for such taxable year is  
186 less than one hundred thousand dollars, an amount equal to the Social  
187 Security benefits includable for federal income tax purposes; and

188 (IV) For the taxable year commencing January 1, 2019, and each  
189 taxable year thereafter, for a person who files a return under the federal  
190 income tax as an unmarried individual whose federal adjusted gross  
191 income for such taxable year is seventy-five thousand dollars or more,  
192 or as a married individual filing separately whose federal adjusted gross  
193 income for such taxable year is seventy-five thousand dollars or more,  
194 or for a husband and wife who file a return under the federal income tax  
195 as married individuals filing jointly whose federal adjusted gross  
196 income from such taxable year is one hundred thousand dollars or more  
197 or for a person who files a return under the federal income tax as a head  
198 of household whose federal adjusted gross income for such taxable year  
199 is one hundred thousand dollars or more, an amount equal to the  
200 difference between the amount of Social Security benefits includable for  
201 federal income tax purposes and the lesser of twenty-five per cent of the  
202 Social Security benefits received during the taxable year, or twenty-five  
203 per cent of the excess described in Section 86(b)(1) of the Internal  
204 Revenue Code;

205 (xi) To the extent properly includable in gross income for federal  
206 income tax purposes, any amount rebated to a taxpayer pursuant to  
207 section 12-746;

208 (xii) To the extent properly includable in the gross income for federal  
209 income tax purposes of a designated beneficiary, any distribution to

210 such beneficiary from any qualified state tuition program, as defined in  
211 Section 529(b) of the Internal Revenue Code, established and  
212 maintained by this state or any official, agency or instrumentality of the  
213 state;

214 (xiii) To the extent allowable under section 12-701a, contributions to  
215 accounts established pursuant to any qualified state tuition program, as  
216 defined in Section 529(b) of the Internal Revenue Code, established and  
217 maintained by this state or any official, agency or instrumentality of the  
218 state;

219 (xiv) To the extent properly includable in gross income for federal  
220 income tax purposes, the amount of any Holocaust victims' settlement  
221 payment received in the taxable year by a Holocaust victim;

222 (xv) To the extent properly includable in gross income for federal  
223 income tax purposes of an account holder, as defined in section 31-  
224 51ww, interest earned on funds deposited in the individual  
225 development account, as defined in section 31-51ww, of such account  
226 holder;

227 (xvi) To the extent properly includable in the gross income for federal  
228 income tax purposes of a designated beneficiary, as defined in section  
229 3-123aa, interest, dividends or capital gains earned on contributions to  
230 accounts established for the designated beneficiary pursuant to the  
231 Connecticut Homecare Option Program for the Elderly established by  
232 sections 3-123aa to 3-123ff, inclusive;

233 (xvii) To the extent properly includable in gross income for federal  
234 income tax purposes, any income received from the United States  
235 government as retirement pay for a retired member of (I) the Armed  
236 Forces of the United States, as defined in Section 101 of Title 10 of the  
237 United States Code, or (II) the National Guard, as defined in Section 101  
238 of Title 10 of the United States Code;

239 (xviii) To the extent properly includable in gross income for federal  
240 income tax purposes for the taxable year, any income from the discharge



241 of indebtedness in connection with any reacquisition, after December  
242 31, 2008, and before January 1, 2011, of an applicable debt instrument or  
243 instruments, as those terms are defined in Section 108 of the Internal  
244 Revenue Code, as amended by Section 1231 of the American Recovery  
245 and Reinvestment Act of 2009, to the extent any such income was added  
246 to federal adjusted gross income pursuant to subparagraph (A)(xi) of  
247 this subdivision in computing Connecticut adjusted gross income for a  
248 preceding taxable year;

249 (xix) To the extent not deductible in determining federal adjusted  
250 gross income, the amount of any contribution to a manufacturing  
251 reinvestment account established pursuant to section 32-9zz in the  
252 taxable year that such contribution is made;

253 (xx) To the extent properly includable in gross income for federal  
254 income tax purposes, (I) for the taxable year commencing January 1,  
255 2015, ten per cent of the income received from the state teachers'  
256 retirement system, (II) for the taxable years commencing January 1,  
257 2016, to January 1, 2020, inclusive, twenty-five per cent of the income  
258 received from the state teachers' retirement system, and (III) for the  
259 taxable year commencing January 1, 2021, and each taxable year  
260 thereafter, fifty per cent of the income received from the state teachers'  
261 retirement system or the percentage, if applicable, pursuant to clause  
262 (xxi) of this subparagraph;

263 (xxi) To the extent properly includable in gross income for federal  
264 income tax purposes, except for retirement benefits under clause (iv) of  
265 this subparagraph and retirement pay under clause (xvii) of this  
266 subparagraph, for a person who files a return under the federal income  
267 tax as an unmarried individual whose federal adjusted gross income for  
268 such taxable year is less than seventy-five thousand dollars, or as a  
269 married individual filing separately whose federal adjusted gross  
270 income for such taxable year is less than seventy-five thousand dollars,  
271 or as a head of household whose federal adjusted gross income for such  
272 taxable year is less than seventy-five thousand dollars, or for a husband  
273 and wife who file a return under the federal income tax as married

274 individuals filing jointly whose federal adjusted gross income for such  
275 taxable year is less than one hundred thousand dollars, (I) for the taxable  
276 year commencing January 1, 2019, fourteen per cent of any pension or  
277 annuity income, (II) for the taxable year commencing January 1, 2020,  
278 twenty-eight per cent of any pension or annuity income, (III) for the  
279 taxable year commencing January 1, 2021, forty-two per cent of any  
280 pension or annuity income, (IV) for the taxable year commencing  
281 January 1, 2022, fifty-six per cent of any pension or annuity income, (V)  
282 for the taxable year commencing January 1, 2023, seventy per cent of any  
283 pension or annuity income, (VI) for the taxable year commencing  
284 January 1, 2024, eighty-four per cent of any pension or annuity income,  
285 and (VII) for the taxable year commencing January 1, 2025, and each  
286 taxable year thereafter, any pension or annuity income;

287 (xxii) The amount of lost wages and medical, travel and housing  
288 expenses, not to exceed ten thousand dollars in the aggregate, incurred  
289 by a taxpayer during the taxable year in connection with the donation  
290 to another person of an organ for organ transplantation occurring on or  
291 after January 1, 2017;

292 (xxiii) To the extent properly includable in gross income for federal  
293 income tax purposes, the amount of any financial assistance received  
294 from the Crumbling Foundations Assistance Fund or paid to or on  
295 behalf of the owner of a residential building pursuant to sections 8-442  
296 and 8-443;

297 (xxiv) To the extent properly includable in gross income for federal  
298 income tax purposes, the amount calculated pursuant to subsection (b)  
299 of section 12-704g for income received by a general partner of a venture  
300 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to  
301 time; [and]

302 (xxv) To the extent any portion of a deduction under Section 179 of  
303 the Internal Revenue Code was added to federal adjusted gross income  
304 pursuant to subparagraph (A)(xiv) of this subdivision in computing  
305 Connecticut adjusted gross income, twenty-five per cent of such  
306 disallowed portion of the deduction in each of the four succeeding

307 taxable years; [.] and

308 (xxvi) The amount of contributions made during the applicable  
 309 taxable year by an electing employee, as defined in section 1 of this act,  
 310 to a Roth individual retirement account under 26 USC 408A, as  
 311 amended from time to time, provided such electing employee was a  
 312 participant in the wage compensation tax program established under  
 313 section 1 of this act during at least six months of the applicable taxable  
 314 year.

315 Sec. 3. (NEW) (*Effective January 1, 2022, and applicable to taxable years*  
 316 *commencing on or after January 1, 2022*) (a) As used in this section,  
 317 "resident of the state" has the same meaning as provided in section 12-  
 318 701 of the general statutes, as amended by this act.

319 (b) (1) Each resident of this state whose federal adjusted gross income  
 320 is five hundred thousand dollars or more shall be subject to a  
 321 consumption tax calculated as set forth in subdivision (2) of this  
 322 subsection.

323 (2) Each such resident shall multiply the amount of such resident's  
 324 federal adjusted gross income for the preceding taxable year by the  
 325 adjustment rate provided herein and shall owe such tax in the resulting  
 326 amount:

T1	Federal adjusted gross income	Adjustment rate
T2	\$500,000 to less than \$2,000,000	0.7%
T3	\$2,000,000 to less than \$13,000,000	1.4%
T4	\$13,000,000 or more	1.5%

327 (c) (1) Each taxpayer subject to the tax under subsection (b) of this  
 328 section shall file a report with the Commissioner of Revenue Services, in  
 329 such form and containing such information as the commissioner  
 330 prescribes, on or before the fifteenth day of the fourth month following  
 331 the close of the taxpayer's taxable year. Such return shall accurately set  
 332 forth the amount of the tax calculated pursuant to subsection (b) of this  
 333 section for the preceding taxable year. A taxpayer required to file a

334 report for the tax under this subsection shall, without assessment, notice  
335 or demand, pay the tax due to the commissioner on or before the date  
336 specified in this subsection, determined without regard to any extension  
337 of time for filing the report.

338 (2) All revenue collected pursuant to this section and any interest and  
339 penalty related thereto shall be deposited in the Connecticut Equitable  
340 Investment Fund established under section 13 of this act.

341 (d) If any person fails to pay the amount of the tax reported due on a  
342 report within the time specified, there shall be imposed a penalty equal  
343 to ten per cent of such amount due and unpaid, or fifty dollars,  
344 whichever is greater. Such amount shall bear interest at the rate of one  
345 per cent per month or fraction thereof, from the due date of such tax  
346 until the date of payment. Subject to the provisions of section 12-3a of  
347 the general statutes, the commissioner may waive all or part of the  
348 penalties provided under this section when it is proven to the  
349 commissioner's satisfaction that the failure to pay any tax was due to  
350 reasonable cause and was not intentional or due to neglect.

351 (e) The provisions of sections 12-550 to 12-554, inclusive, and section  
352 12-555a of the general statutes shall apply to the provisions of this  
353 section in the same manner and with the same force and effect as if the  
354 language of said sections had been incorporated in full into this section  
355 and had expressly referred to the tax imposed under this section, except  
356 to the extent that any such provision is inconsistent with a provision of  
357 this section.

358 (f) The commissioner may adopt regulations, in accordance with the  
359 provisions of chapter 54 of the general statutes, to implement the  
360 provisions of this section.

361 Sec. 4. (NEW) (*Effective January 1, 2022*) (a) As used in this section:

362 (1) "Annual gross revenues" means income or revenue from all  
363 sources, prior to any expenses or taxes, computed in accordance with  
364 generally accepted accounting principles;

365 (2) "Assessable base" means the annual gross revenues derived from  
366 digital advertising services in the state;

367 (3) "Digital advertising services" means advertisement services on a  
368 digital interface, including banner advertising, search engine  
369 advertising, interstitial advertising and other comparable advertising  
370 services; and

371 (4) "Digital interface" means any type of software, including an  
372 Internet web site or a part thereof or an application, that a person is able  
373 to access with a device.

374 (b) (1) There is imposed a tax on the annual gross revenue of a person  
375 derived from digital advertising services in the state as follows:

376 (A) Two and one-half per cent of the assessable base for a person with  
377 global annual gross revenues of one hundred million dollars up to and  
378 including one billion dollars;

379 (B) Five per cent of the assessable base for a person with global annual  
380 gross revenues of more than one billion dollars up to and including five  
381 billion dollars;

382 (C) Seven and one-half per cent of the assessable base for a person  
383 with global annual gross revenues of more than five billion dollars up  
384 to and including fifteen billion dollars; and

385 (D) Ten per cent of the assessable base for a person with global annual  
386 gross revenues of more than fifteen billion dollars.

387 (2) The Commissioner of Revenue Services shall adopt regulations, in  
388 accordance with the provisions of chapter 54 of the general statutes, to  
389 establish the methodology to determine the portion of the annual gross  
390 revenue of a person derived from digital advertising in the United States  
391 to be apportioned to the state for purposes of determining the assessable  
392 base under this section.

393 (c) (1) Each taxpayer subject to the tax under this section shall file a

394 report with the Commissioner of Revenue Services, in such form and  
395 manner and containing such information as the commissioner  
396 prescribes. Such return shall accurately set forth the amount of the tax  
397 calculated pursuant to subsection (b) of this section for the preceding  
398 income year.

399 (2) All revenue collected pursuant to this section and any interest and  
400 penalty related thereto shall be deposited in the Connecticut Equitable  
401 Investment Fund established under section 13 of this act.

402 (d) If any person fails to pay the amount of the tax reported due on a  
403 report within the time specified, there shall be imposed a penalty equal  
404 to ten per cent of such amount due and unpaid, or fifty dollars,  
405 whichever is greater. Such amount shall bear interest at the rate of one  
406 per cent per month or fraction thereof, from the due date of such tax  
407 until the date of payment. Subject to the provisions of section 12-3a of  
408 the general statutes, the commissioner may waive all or part of the  
409 penalties provided under this section when it is proven to the  
410 commissioner's satisfaction that the failure to pay any tax was due to  
411 reasonable cause and was not intentional or due to neglect.

412 (e) The provisions of sections 12-550 to 12-554, inclusive, and section  
413 12-555a of the general statutes shall apply to the provisions of this  
414 section in the same manner and with the same force and effect as if the  
415 language of said sections had been incorporated in full into this section  
416 and had expressly referred to the tax imposed under this section, except  
417 to the extent that any such provision is inconsistent with a provision of  
418 this section.

419 Sec. 5. Section 12-704e of the general statutes is repealed and the  
420 following is substituted in lieu thereof (*Effective July 1, 2021, and*  
421 *applicable to taxable years commencing on or after January 1, 2021*):

422 (a) (1) Any resident of this state, as defined in subdivision (1) of  
423 subsection (a) of section 12-701, who is subject to the tax imposed under  
424 this chapter for any taxable year shall be allowed a credit against the tax  
425 otherwise due under this chapter in an amount equal to the applicable

426 percentage [, as defined in subsection (e) of this section,] of the earned  
427 income credit claimed and allowed for the same taxable year under  
428 Section 32 of the Internal Revenue Code, as defined in subsection (a) of  
429 section 12-701, as amended by this act. As used in this section,  
430 "applicable percentage" means forty per cent.

431 (2) The Connecticut Equitable Investment Council established under  
432 section 13 of this act shall transfer or disburse from the Connecticut  
433 Equitable Investment Fund established under section 13 of this act  
434 moneys sufficient to provide the credit under this section at the  
435 applicable percentage rate specified.

436 (b) If the amount of the credit allowed pursuant to this section  
437 exceeds the taxpayer's liability for the tax imposed under this chapter,  
438 the Commissioner of Revenue Services shall treat such excess as an  
439 overpayment and, except as provided under section 12-739 or 12-742,  
440 shall refund the amount of such excess, without interest, to the taxpayer.

441 (c) If a married individual who is otherwise eligible for the credit  
442 allowed hereunder has filed a joint federal income tax return for the  
443 taxable year, but is required to file a separate return under this chapter  
444 for such taxable year, the credit for which such individual is eligible  
445 under this section shall be an amount equal to the applicable percentage  
446 [, as defined in subsection (e) of this section,] of the earned income credit  
447 claimed and allowed for such taxable year under [said] Section 32 of the  
448 Internal Revenue Code multiplied by a fraction, the numerator of which  
449 is such individual's federal adjusted gross income, as reported on such  
450 individual's separate return under this chapter, and the denominator of  
451 which is the federal adjusted gross income, as reported on the joint  
452 federal income tax return.

453 (d) To the extent permitted under federal law, any state or federal  
454 earned income tax credit shall not be counted as income when received  
455 by an individual who is an applicant for, or recipient of, benefits or  
456 services under any state or federal program that provides such benefits  
457 or services based on need, nor shall any such earned income tax credit  
458 be counted as resources, for the purpose of determining the individual's

459 or any other individual's eligibility for such benefits or services, or the  
460 amount of such benefits or services.

461 [(e) For purposes of this section, "applicable percentage" means  
462 twenty-three per cent.]

463 Sec. 6. Subsection (i) of section 12-391 of the general statutes is  
464 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
465 *2021, and applicable to the estates of decedents dying on or after January 1,*  
466 *2021*):

467 (i) [The] With respect to the estates of decedents dying on or after  
468 January 1, 2021, the tax calculated pursuant to the provisions of this  
469 section shall be reduced in an amount equal to half of the amount  
470 invested by a decedent in a private investment fund or fund of funds  
471 pursuant to [subdivision (43) of section 32-39] section 13 of this act,  
472 provided (1) any such reduction shall not exceed five million dollars for  
473 any such decedent, and (2) any such amount invested by the decedent  
474 shall have been invested in such fund or fund of funds for ten years or  
475 more, [, and (3) the aggregate amount of all taxes reduced under this  
476 subsection shall not exceed thirty million dollars.]

477 Sec. 7. (NEW) (*Effective from passage*) (a) As used in this section,  
478 "lottery draw game" means any game in which one or more numbers,  
479 letters or symbols are randomly drawn at predetermined times, not to  
480 exceed four times per day, from a range of numbers, letters or symbols,  
481 and prizes are paid to players possessing winning plays, as set forth in  
482 each game's official game rules. "Lottery draw game" does not include  
483 keno, as defined in section 12-801 of the general statutes.

484 (b) The Connecticut Lottery Corporation shall establish a program to  
485 sell lottery tickets for lottery draw games through the corporation's  
486 Internet web site, online service or mobile application. The program  
487 shall, at a minimum:

488 (1) Verify that a person who establishes an online lottery account to  
489 purchase a lottery ticket through such program is eighteen years of age



490 or older and is located in the state;

491 (2) Restrict the sale of lottery tickets to transactions initiated and  
492 received within the state;

493 (3) Allow a person to establish an online lottery account and use a  
494 credit card, debit card or verified bank account to purchase lottery  
495 tickets through such account;

496 (4) Limit a person with an online lottery account to using only one  
497 debit card or credit card;

498 (5) Provide that any money in an online lottery account belongs solely  
499 to the owner of the account and may be withdrawn by the owner;

500 (6) Establish a voluntary self-exclusion process to allow a person to  
501 exclude himself or herself from establishing an online lottery account or  
502 purchasing a lottery ticket through such program;

503 (7) At least every five years, be the subject of an independent review  
504 for responsible play as assessed by industry standards;

505 (8) Provide responsible gambling and problem gambling  
506 information;

507 (9) Limit the amount of money a person may (A) deposit into an  
508 online lottery account, and (B) spend per day through such program;  
509 and

510 (10) Display the results of lottery draw game drawings on the  
511 corporation's Internet web site, online service or mobile application but  
512 the lottery draw game drawings may not take place on the corporation's  
513 Internet web site, online service or mobile application.

514 (c) (1) The Connecticut Lottery Corporation may not establish a  
515 program pursuant to this section until the Commissioner of Consumer  
516 Protection adopts regulations in accordance with the provisions of  
517 chapter 54 of the general statutes to implement the provisions of this  
518 section and assure the integrity of such program.

519 (2) The corporation shall submit to the commissioner official game  
520 rules for each lottery draw game the corporation seeks to offer through  
521 the program. The corporation may not offer a lottery draw game  
522 through the program until the commissioner approves, in writing, the  
523 official rules for such game.

524 (d) After establishing the program pursuant to this section, the  
525 corporation: (1) May implement initiatives to promote the purchase of  
526 lottery tickets through lottery sales agents; (2) may implement initiatives  
527 to promote the purchase of both online lottery draw games and the  
528 purchase of lottery tickets through lottery sales agents; and (3) shall  
529 conduct a public awareness campaign to educate the public regarding  
530 responsible gambling and to inform the public of the programs available  
531 for the prevention, treatment and rehabilitation of compulsive gamblers  
532 in the state.

533 (e) All revenue collected from the sale of lottery tickets under the  
534 program established pursuant to this section shall be deposited in the  
535 Connecticut Equitable Investment Fund established under section 13 of  
536 this act.

537 Sec. 8. Subdivision (4) of subsection (b) of section 12-806 of the general  
538 statutes is repealed and the following is substituted in lieu thereof  
539 (*Effective from passage*):

540 (4) (A) To introduce new lottery games, modify existing lottery  
541 games, utilize existing and new technologies, determine distribution  
542 channels for the sale of lottery tickets, introduce keno pursuant to signed  
543 agreements with the Mashantucket Pequot Tribe and the Mohegan  
544 Tribe of Indians of Connecticut, in accordance with section 12-806c, and,  
545 to the extent specifically authorized by regulations adopted by the  
546 Department of Consumer Protection pursuant to chapter 54, introduce  
547 instant ticket vending machines, kiosks and automated wagering  
548 systems or machines, with all such rights being subject to regulatory  
549 oversight by the Department of Consumer Protection; [, except that the  
550 corporation shall not offer any interactive on-line lottery games,  
551 including on-line video lottery games for promotional purposes;] and

552     (B) (1) To sell lottery draw games through the corporation's Internet  
553     web site, online service or mobile application in accordance with section  
554     7 of this act and to advertise lottery games on the corporation's Internet  
555     web site, online service or mobile application; and (2) to offer interactive  
556     lottery games for promotional purposes through the corporation's  
557     Internet web site, online service or mobile application, provided (A)  
558     there is no cost to play such interactive lottery games for promotional  
559     purposes, (B) no prizes or rewards of any monetary value are awarded  
560     for playing such interactive lottery games for promotional purposes,  
561     and (C) no lottery ticket purchase is required to play such interactive  
562     lottery games for promotional purposes. The corporation shall not offer  
563     any interactive lottery game, including for promotional purposes,  
564     except as expressly permitted pursuant to this subdivision;

565     Sec. 9. Subdivision (13) of subsection (b) of section 12-806 of the  
566     general statutes is repealed and the following is substituted in lieu  
567     thereof (*Effective from passage*):

568     (13) To pay the Office of Policy and Management to reimburse the  
569     Department of Consumer Protection for the reasonable and necessary  
570     costs arising from the department's regulatory oversight of the  
571     corporation, in accordance with the assessment made pursuant to  
572     section 12-806b, including costs arising directly or indirectly from the  
573     licensing of lottery agents, performance of state police background  
574     investigations, and the implementation of subsection (b) of section 12-  
575     562 and sections 12-563a, 12-568a, 12-569, 12-570, 12-570a and 12-800 to  
576     12-818, inclusive, as amended by this act, and section 7 of this act;

577     Sec. 10. Section 12-810 of the general statutes is repealed and the  
578     following is substituted in lieu thereof (*Effective from passage*):

579     (a) The Freedom of Information Act, as defined in section 1-200, shall  
580     apply to all actions, meetings and records of the corporation, except (1)  
581     where otherwise limited by subsection (c) of this section as to new  
582     lottery games and serial numbers of unclaimed lottery tickets, [and] (2)  
583     with respect to financial, credit and proprietary information submitted  
584     by any person to the corporation in connection with any proposal to

585 provide goods, services or professional advice to the corporation as  
586 provided in section 12-815, and (3) where otherwise limited by  
587 subsection (d) of this section as to information submitted by any person  
588 to the corporation regarding such person's participation in the  
589 corporation's voluntary self-exclusion process established pursuant to  
590 subdivision (6) of subsection (b) of section 7 of this act.

591 (b) The records of proceedings as provided in subsection (a) of section  
592 12-805 shall be subject to disclosure pursuant to the provisions of  
593 subsection (a) of section 1-210.

594 (c) Any new lottery game and the procedures for such game, until the  
595 game is publicly announced by the corporation, and any serial number  
596 of an unclaimed lottery ticket shall not be deemed public records, as  
597 defined in section 1-200, and shall not be available to the public under  
598 the provisions of section 1-210. The president shall submit a fiscal note  
599 prepared by the corporation with respect to the procedures for a new  
600 lottery game to the joint standing committees of the General Assembly  
601 having cognizance of matters relating to finance, revenue, bonding and  
602 public safety after approval of such game by the board.

603 (d) The name and any personally identifying information of a person  
604 who is participating or has participated in the corporation's voluntary  
605 self-exclusion process shall not be deemed public records, as defined in  
606 section 1-200, and shall not be available to the public under the  
607 provisions of section 1-210. The president may disclose the name and  
608 any records of such person if such person claims a winning lottery ticket  
609 from the use of the online lottery program established pursuant to  
610 section 7 of this act.

611 Sec. 11. Section 52-553 of the general statutes is repealed and the  
612 following is substituted in lieu thereof (*Effective from passage*):

613 All wagers, and all contracts and securities of which the whole or any  
614 part of the consideration is money or other valuable thing won, laid or  
615 bet, at any game, horse race, sport or pastime, and all contracts to repay  
616 any money knowingly lent at the time and place of such game, race,

617 sport or pastime, to any person so gaming, betting or wagering, or to  
618 repay any money lent to any person who, at such time and place, so  
619 pays, bets or wagers, shall be void, provided nothing in this section shall  
620 (1) affect the validity of any negotiable instrument held by any person  
621 who acquired the same for value and in good faith without notice of  
622 illegality in the consideration, (2) apply to the sale of a raffle ticket  
623 pursuant to section 7-172, (3) apply to the participation in the program  
624 established by the Connecticut Lottery Corporation pursuant to section  
625 7 of this act, or [(3)] (4) apply to any wager or contract otherwise  
626 authorized by law.

627 Sec. 12. Section 52-554 of the general statutes is repealed and the  
628 following is substituted in lieu thereof (*Effective from passage*):

629 Any person who, by playing at any game, or betting on the sides or  
630 hands of such as play at any game, excluding any game permitted under  
631 chapter 226 or any activity not prohibited under the provisions of  
632 sections 53-278a to 53-278g, inclusive, loses the sum or value of one  
633 dollar in the whole and pays or delivers the same or any part thereof,  
634 may, within three months next following, recover from the winner the  
635 money or the value of the goods so lost and paid or delivered, with costs  
636 of suit in a civil action, without setting forth the special matter in his  
637 complaint. If the defendant refuses to testify, if called upon in such  
638 action, relative to the discovery of the property so won, he shall be  
639 defaulted; but no evidence so given by him shall be offered against him  
640 in any criminal prosecution. Nothing in this section shall preclude any  
641 person from using a credit card to participate in the program established  
642 by the Connecticut Lottery Corporation pursuant to section 7 of this act.

643 Sec. 13. (NEW) (*Effective July 1, 2021*) (a) There is established a fund  
644 to be known as the "Connecticut Equitable Investment Fund". The fund  
645 shall contain any moneys required by law to be deposited in the fund  
646 and shall be held in trust separate and apart from all other moneys,  
647 funds and accounts. Investment earnings credited to the assets of the  
648 fund shall become part of the assets of the fund. Any balance remaining  
649 in the fund at the end of any fiscal year shall be carried forward in the

650 fund for the fiscal year next succeeding. Moneys in the fund shall be  
651 expended by the Connecticut Equitable Investment Council established  
652 pursuant to subsection (c) of this section to be used for the purposes set  
653 forth in this section. The Connecticut Equitable Investment Fund shall  
654 be a permanent investment fund to receive, invest and distribute  
655 dedicated tax revenues as provided in this section.

656 (b) The following moneys shall be deposited in the fund:

657 (1) The revenues from (A) the wage compensation tax under section  
658 1 of this act, (B) the consumption tax under section 3 of this act, and (C)  
659 the digital advertising tax under section 4 of this act;

660 (2) The amounts of any private investment received pursuant to  
661 subdivision (5) of subsection (c) of this section, to be invested in  
662 accordance with the provisions of said subdivision; and

663 (3) (A) The taxes collected and retained by the state on or after July 1,  
664 2021, on recreational cannabis and cannabis products, and (B) the  
665 revenues generated and retained by the state from any form of online  
666 wagering authorized on or after July 1, 2021.

667 (c) (1) There is established the Connecticut Equitable Investment  
668 Council, which shall manage and oversee the Connecticut Equitable  
669 Investment Fund. The council shall consist of the following members:  
670 (A) The Governor, who shall serve as the chairperson of the council; (B)  
671 the Treasurer; (C) the Secretary of the Office of Policy and Management;  
672 and (D) six members of the public, two of whom shall be appointed by  
673 the Governor, two of whom shall be appointed by the president pro  
674 tempore of the Senate and two of whom shall be appointed by the  
675 speaker of the House of Representatives.

676 (2) The chairperson shall schedule meetings as necessary to  
677 implement and accomplish the programs and strategies described in  
678 subdivision (3) of this subsection, provided such meetings shall be held  
679 not less than once every calendar quarter.

680 (3) The council shall protect and grow the moneys in the fund for

681 current and future generations through prudent, professional  
682 investment management and support the growth of the state's economy  
683 through investments-in-place programs and strategies that include, but  
684 are not limited to:

685 (A) Building wealth in traditionally underserved communities by (i)  
686 attracting and retaining neighborhood wealth, (ii) providing financial,  
687 educational or related services to support initiatives that concentrate  
688 investments in human capital and infrastructure, (iii) rebuilding  
689 community assets through the construction, renovation or repair of  
690 neighborhood structures or assets, (iv) providing programs, services  
691 and assistance to support community reinvestment, (v) increasing  
692 owner-occupancy of residential buildings and supporting pathways to  
693 home ownership, and (vi) creating pipelines to employment;

694 (B) Reducing income inequality in the state by (i) transferring or  
695 disbursing moneys sufficient to provide the credit under section 12-704e  
696 of the general statutes, as amended by this act, at the applicable  
697 percentage specified in said section, (ii) compensating worker value  
698 over productivity, and (iii) expanding skill development and vocational  
699 and technical training opportunities;

700 (C) Retaining and attracting talent to the state by increasing the  
701 availability of venture capital; and

702 (D) Working with the state to reduce municipal reliance on property  
703 taxes through the establishment of a statewide commercial property tax  
704 credit and initiatives to prioritize municipal need and capacity, provide  
705 full funding for the grants in lieu of taxes program under section 12-18b  
706 of the general statutes, reduce or eliminate intertown tax rate  
707 advantages and monetize land use.

708 (4) The council shall establish a review process and standards to  
709 evaluate the programs and strategies that will help it and the state  
710 achieve the goals described in subdivision (3) of this subsection and  
711 shall annually distribute not less than fifty per cent of the moneys in the  
712 fund, excluding the amount of any private investment received

713 pursuant to subdivision (5) of this subsection, that are generated  
714 through revenue streams that are less volatile, as determined by the  
715 council.

716 (5) The council shall establish a program to solicit private investment  
717 from state residents that the council will invest in a private investment  
718 fund or funds of funds, provided any such private investment shall be  
719 invested in venture capital firms (A) having offices located in the state,  
720 and (B) that support the growth of business operations of companies in  
721 the state in a manner that support the goals described in subdivision (3)  
722 of this subsection.

723 Sec. 14. Subdivision (8) of subsection (b) of section 12-214 of the  
724 general statutes is repealed and the following is substituted in lieu  
725 thereof (*Effective from passage*):

726 (8) (A) With respect to income years commencing on or after January  
727 1, 2018, [and prior to January 1, 2021,] any company subject to the tax  
728 imposed in accordance with subsection (a) of this section shall pay, for  
729 such income year, except when the tax so calculated is equal to two  
730 hundred fifty dollars, an additional tax in an amount equal to ten per  
731 cent of the tax calculated under said subsection (a) for such income year,  
732 without reduction of the tax so calculated by the amount of any credit  
733 against such tax. The additional amount of tax determined under this  
734 subsection for any income year shall constitute a part of the tax imposed  
735 by the provisions of said subsection (a) and shall become due and be  
736 paid, collected and enforced as provided in this chapter.

737 (B) Any company whose gross income for the income year was less  
738 than one hundred million dollars shall not be subject to the additional  
739 tax imposed under subparagraph (A) of this subdivision. This exception  
740 shall not apply to taxable members of a combined group that files a  
741 combined unitary tax return.

742 Sec. 15. Subdivision (8) of subsection (b) of section 12-219 of the  
743 general statutes is repealed and the following is substituted in lieu  
744 thereof (*Effective from passage*):



745 (8) (A) With respect to income years commencing on or after January  
746 1, 2018, [and prior to January 1, 2021,] the additional tax imposed on any  
747 company and calculated in accordance with subsection (a) of this section  
748 shall, for such income year, except when the tax so calculated is equal to  
749 two hundred fifty dollars, be increased by adding thereto an amount  
750 equal to ten per cent of the additional tax so calculated for such income  
751 year, without reduction of the tax so calculated by the amount of any  
752 credit against such tax. The increased amount of tax payable by any  
753 company under this section, as determined in accordance with this  
754 subsection, shall become due and be paid, collected and enforced as  
755 provided in this chapter.

756 (B) Any company whose gross income for the income year was less  
757 than one hundred million dollars shall not be subject to the additional  
758 tax imposed under subparagraph (A) of this subdivision. This exception  
759 shall not apply to taxable members of a combined group that files a  
760 combined unitary tax return.

761 Sec. 16. (*Effective from passage*) The provisions of section 12-242d of the  
762 general statutes shall not apply to any additional tax due as a result of  
763 the changes made to subdivision (8) of subsection (b) of section 12-214  
764 of the general statutes pursuant to section 14 of this act or to section 12-  
765 219 of the general statutes pursuant to section 15 of this act, for income  
766 years commencing on or after January 1, 2021, but prior to the effective  
767 date of this section and sections 14 and 15 of this act.

768 Sec. 17. Subsection (a) of section 12-217zz of the general statutes is  
769 repealed and the following is substituted in lieu thereof (*Effective from*  
770 *passage and applicable to income years commencing on or after January 1,*  
771 *2021*):

772 (a) [Notwithstanding any other provision of law, and except] Except  
773 as otherwise provided in subsection (b) of this section and sections 12-  
774 217aaa and 12-217bbb, the amount of tax credit or credits otherwise  
775 allowable against the tax imposed under this chapter shall be as follows:

776 (1) For any income year commencing on or after January 1, 2002, and

777 prior to January 1, 2015, the amount of tax credit or credits otherwise  
778 allowable shall not exceed seventy per cent of the amount of tax due  
779 from such taxpayer under this chapter with respect to any such income  
780 year of the taxpayer prior to the application of such credit or credits;

781 (2) For any income year commencing on or after January 1, 2015, the  
782 amount of tax credit or credits otherwise allowable shall not exceed fifty  
783 and one one-hundredths per cent of the amount of tax due from such  
784 taxpayer under this chapter with respect to any such income year of the  
785 taxpayer prior to the application of such credit or credits;

786 (3) Notwithstanding the provisions of subdivision (2) of this  
787 subsection, any taxpayer that possesses excess credits may utilize the  
788 excess credits as follows:

789 (A) For income years commencing on or after January 1, 2016, and  
790 prior to January 1, 2017, the aggregate amount of tax credits and excess  
791 credits allowable shall not exceed fifty-five per cent of the amount of tax  
792 due from such taxpayer under this chapter with respect to any such  
793 income year of the taxpayer prior to the application of such credit or  
794 credits;

795 (B) For income years commencing on or after January 1, 2017, and  
796 prior to January 1, 2018, the aggregate amount of tax credits and excess  
797 credits allowable shall not exceed sixty per cent of the amount of tax due  
798 from such taxpayer under this chapter with respect to any such income  
799 year of the taxpayer prior to the application of such credit or credits;  
800 [and]

801 (C) For income years commencing on or after January 1, 2018, and  
802 prior to January 1, 2019, the aggregate amount of tax credits and excess  
803 credits allowable shall not exceed sixty-five per cent of the amount of  
804 tax due from such taxpayer under this chapter with respect to any such  
805 income year of the taxpayer prior to the application of such credit or  
806 credits;

807 [(4)] (D) For purposes of this [subsection] subdivision, "excess credits"

808 means any remaining credits available under section 12-217j, 12-217n or  
809 32-9t after tax credits are utilized in accordance with subdivision (2) of  
810 this subsection; [.]

811 (4) Notwithstanding the provisions of subdivision (2) of this  
812 subsection, for income years commencing on or after January 1, 2021,  
813 the aggregate amount allowable of tax credits and any remaining credits  
814 available under section 12-217j or 12-217n after tax credits are utilized in  
815 accordance with subdivision (2) of this section shall not exceed seventy  
816 per cent of the amount of tax due from such taxpayer under this chapter  
817 with respect to any such income year of the taxpayer prior to the  
818 application of such credit or credits.

819 Sec. 18. Subsections (d) and (e) of section 38a-88a of the general  
820 statutes are repealed and the following is substituted in lieu thereof  
821 (*Effective July 1, 2021*):

822 (d) (1) The tax [credit] credits allowed by this section shall only be  
823 available for investments [(1)] (A) in funds that are not open to  
824 additional investments or investors beyond the amount subscribed at  
825 the formation of the fund, or [(2)] (B) under subsection (c) of this section,  
826 in invest CT funds that are not open to additional investments or  
827 investors after submission of the invest CT fund's application to the  
828 commissioner pursuant to subsection (c) of this section.

829 (2) On and after June 30, 2010, no eligibility certificate shall be  
830 provided under subdivision (6) of subsection (b) of this section for  
831 investments made in an insurance business.

832 (3) On [or] and after July 1, 2011, no credit shall be allowed under  
833 subdivision (2) or (6) of subsection (b) of this section for an investment  
834 of less than one million dollars for which the commissioner has issued  
835 an eligibility certificate. A fund manager who has received an eligibility  
836 certificate but is not yet eligible to receive a certificate of continued  
837 eligibility shall provide documentation satisfactory to the commissioner  
838 not later than June 30, 2011, of its investment of one million dollars or  
839 more. Such documentation shall include, but is not limited to, cancelled

840 checks, wire transfers, investment agreements or other documentation  
841 as the commissioner may request. On and after July 1, 2011, the  
842 commissioner shall revoke the certificate of eligibility for any insurance  
843 business for which its fund manager failed to provide sufficient  
844 documentation of said investment of not less than one million dollars.

845 (4) Any credit allowed under subsection (b) or subsection (g) of this  
846 section that has not been claimed prior to January 1, 2010, may be carried  
847 forward pursuant to subsection (i) of this section.

848 (e) The maximum amount of credit allowed under subsection (c) of  
849 this section shall be [three] five hundred fifty million dollars in  
850 aggregate and forty million dollars per year.

851 Sec. 19. Section 12-217jj of the general statutes is repealed and the  
852 following is substituted in lieu thereof (*Effective January 1, 2022*):

853 (a) As used in this section:

854 (1) "Commissioner" means the Commissioner of Revenue Services.

855 (2) "Department" means the Department of Economic and  
856 Community Development.

857 (3) (A) "Qualified production" means entertainment content created  
858 in whole or in part within the state, including motion pictures, except as  
859 otherwise provided in this subparagraph; documentaries; long-form,  
860 specials, mini-series, series, sound recordings, videos and music videos  
861 and interstitials television programming; interactive television;  
862 relocated television production; interactive games; videogames;  
863 commercials; any format of digital media, including an interactive web  
864 site, created for distribution or exhibition to the general public; and any  
865 trailer, pilot, video teaser or demo created primarily to stimulate the  
866 sale, marketing, promotion or exploitation of future investment in either  
867 a product or a qualified production via any means and media in any  
868 digital media format, film or videotape, provided such program meets  
869 all the underlying criteria of a qualified production. For state fiscal years  
870 ending on or after June 30, 2014, "qualified production" shall not include

871 a motion picture that has not been designated as a state-certified  
872 qualified production prior to July 1, 2013, and no tax credit voucher for  
873 such motion picture may be issued for such motion picture, except, for  
874 state fiscal years ending on or after June 30, 2015, "qualified production"  
875 shall include a motion picture for which twenty-five per cent or more of  
876 the principal photography shooting days are in this state at a facility that  
877 receives not less than twenty-five million dollars in private investment  
878 and opens for business on or after July 1, 2013, and a tax credit voucher  
879 may be issued for such motion picture.

880 (B) "Qualified production" shall not include any ongoing television  
881 program created primarily as news, weather or financial market reports;  
882 a production featuring current events, other than a relocated television  
883 production, sporting events, an awards show or other gala event; a  
884 production whose sole purpose is fundraising; a long-form production  
885 that primarily markets a product or service; a production used for  
886 corporate training or in-house corporate advertising or other similar  
887 productions; or any production for which records are required to be  
888 maintained under 18 USC 2257, as amended from time to time, with  
889 respect to sexually explicit content.

890 (4) "Eligible production company" means a corporation, partnership,  
891 limited liability company, or other business entity engaged in the  
892 business of producing qualified productions on a one-time or ongoing  
893 basis, and qualified by the Secretary of the State to engage in business  
894 in the state.

895 (5) "Production expenses or costs" means all expenditures clearly and  
896 demonstrably incurred in the state in the preproduction, production or  
897 postproduction costs of a qualified production, including:

898 (A) Expenditures incurred in the state in the form of either  
899 compensation or purchases including production work, production  
900 equipment not eligible for the infrastructure tax credit provided in  
901 section 12-217kk, production software, postproduction work,  
902 postproduction equipment, postproduction software, set design, set  
903 construction, props, lighting, wardrobe, makeup, makeup accessories,

904 special effects, visual effects, audio effects, film processing, music,  
905 sound mixing, editing, location fees, soundstages and any and all other  
906 costs or services directly incurred in connection with a state-certified  
907 qualified production;

908 (B) Expenditures for distribution, including preproduction,  
909 production or postproduction costs relating to the creation of trailers,  
910 marketing videos, commercials, point-of-purchase videos and any and  
911 all content created on film or digital media, including the duplication of  
912 films, videos, CDs, DVDs and any and all digital files now in existence  
913 and those yet to be created for mass consumer consumption; the  
914 purchase, by a company in the state, of any and all equipment relating  
915 to the duplication or mass market distribution of any content created or  
916 produced in the state by any digital media format which is now in use  
917 and those formats yet to be created for mass consumer consumption;  
918 and

919 (C) "Production expenses or costs" does not include the following: (i)  
920 On and after January 1, 2008, compensation in excess of fifteen million  
921 dollars paid to any individual or entity representing an individual, for  
922 services provided in the production of a qualified production and on or  
923 after January 1, 2010, compensation subject to Connecticut personal  
924 income tax in excess of twenty million dollars paid in the aggregate to  
925 any individuals or entities representing individuals, for star talent  
926 provided in the production of a qualified production; (ii) media buys,  
927 promotional events or gifts or public relations associated with the  
928 promotion or marketing of any qualified production; (iii) deferred,  
929 leveraged or profit participation costs relating to any and all personnel  
930 associated with any and all aspects of the production, including, but not  
931 limited to, producer fees, director fees, talent fees and writer fees; (iv)  
932 costs relating to the transfer of the production tax credits; (v) any  
933 amounts paid to persons or businesses as a result of their participation  
934 in profits from the exploitation of the qualified production; and (vi) any  
935 expenses or costs relating to an independent certification, as required by  
936 subsection [(g)] (h) of this section, or as the department may otherwise  
937 require, pertaining to the amount of production expenses or costs set

938 forth by an eligible production company in its application for a  
939 production tax credit.

940 (6) "Sound recording" means a recording of music, poetry or spoken-  
941 word performance, but does not include the audio portions of dialogue  
942 or words spoken and recorded as part of a motion picture, video,  
943 theatrical production, television news coverage or athletic event.

944 (7) "State-certified qualified production" means a qualified  
945 production produced by an eligible production company that (A) is in  
946 compliance with regulations adopted pursuant to subsection [(k)] (l) of  
947 this section, (B) is authorized to conduct business in this state, and (C)  
948 has been approved by the department as qualifying for a production tax  
949 credit under this section.

950 (8) "Interactive web site" means a web site, the production costs of  
951 which (A) exceed five hundred thousand dollars per income year, and  
952 (B) is primarily (i) interactive games or end user applications, or (ii)  
953 animation, simulation, sound, graphics, story lines or video created or  
954 repurposed for distribution over the Internet. An interactive web site  
955 does not include a web site primarily used for institutional, private,  
956 industrial, retail or wholesale marketing or promotional purposes, or  
957 which contains obscene content.

958 (9) "Post-certification remedy" means the recapture, disallowance,  
959 recovery, reduction, repayment, forfeiture, decertification or any other  
960 remedy that would have the effect of reducing or otherwise limiting the  
961 use of a tax credit provided by this section.

962 (10) "Compensation" means base salary or wages and does not  
963 include bonus pay, stock options, restricted stock units or similar  
964 arrangements.

965 (11) "Relocated television production" means:

966 (A) An ongoing television program all of the prior seasons of which  
967 were filmed outside this state, and may include current events shows,  
968 except those referenced in subparagraph (B)(i) of this subdivision.

969 (B) An eligible production company's television programming in this  
970 state that (i) is not a general news program, sporting event or game  
971 broadcast, and (ii) is created at a qualified production facility that has  
972 had a minimum investment of twenty-five million dollars made by such  
973 eligible production company on or after January 1, 2012, at which  
974 facility the eligible production company creates ongoing television  
975 programming as defined in subparagraph (A) of this subdivision, and  
976 creates at least two hundred new jobs in Connecticut on or after January  
977 1, 2012. For purposes of this subdivision, "new job" means a full-time  
978 job, as defined in section 12-217ii, that did not exist in this state prior to  
979 January 1, 2012, and is filled by a new employee, and "new employee"  
980 includes a person who was employed outside this state by the eligible  
981 production company prior to January 1, 2012, but does not include a  
982 person who was employed in this state by the eligible production  
983 company or a related person, as defined in section 12-217ii, with respect  
984 to the eligible production company during the prior twelve months.

985 (C) A relocated television production may be a state-certified  
986 qualified production for not more than ten successive income years,  
987 after which period the eligible production company shall be ineligible  
988 to resubmit an application for certification.

989 (b) (1) The Department of Economic and Community Development  
990 shall administer a system of tax credit vouchers within the resources,  
991 requirements and purposes of this section for eligible production  
992 companies producing a state-certified qualified production in the state.

993 (2) Any eligible production company incurring production expenses  
994 or costs shall be eligible for a credit (A) for income years commencing  
995 on or after January 1, 2010, but prior to January 1, 2018, against the tax  
996 imposed under chapter 207 or this chapter, [and] (B) for income years  
997 commencing on or after January 1, 2018, but prior to January 1, 2022,  
998 against the tax imposed under chapter 207 or 211 or this chapter, and  
999 (C) for income years commencing on or after January 1, 2022, against the  
1000 tax imposed under chapter 207, 211, 219 or this chapter, as follows: (i)  
1001 For any such company incurring such expenses or costs of not less than



1002 one hundred thousand dollars, but not more than five hundred  
1003 thousand dollars, a credit equal to ten per cent of such expenses or costs,  
1004 (ii) for any such company incurring such expenses or costs of more than  
1005 five hundred thousand dollars, but not more than one million dollars, a  
1006 credit equal to fifteen per cent of such expenses or costs, and (iii) for any  
1007 such company incurring such expenses or costs of more than one million  
1008 dollars, a credit equal to thirty per cent of such expenses or costs.

1009 (c) No eligible production company incurring an amount of  
1010 production expenses or costs that qualifies for such credit shall be  
1011 eligible for such credit unless on or after January 1, 2010, such company  
1012 conducts (1) not less than fifty per cent of principal photography days  
1013 within the state, or (2) expends not less than fifty per cent of  
1014 postproduction costs within the state, or (3) expends not less than one  
1015 million dollars of postproduction costs within the state.

1016 (d) For income years commencing on or after January 1, 2010, no  
1017 expenses or costs incurred outside the state and used within the state  
1018 shall be eligible for a credit, and one hundred per cent of such expenses  
1019 or costs shall be counted toward such credit when incurred within the  
1020 state and used within the state.

1021 (e) (1) On and after July 1, 2006, and for income years commencing  
1022 on or after January 1, 2006, any credit allowed pursuant to this section  
1023 may be sold, assigned or otherwise transferred, in whole or in part, to  
1024 one or more taxpayers, provided (A) no credit, after issuance, may be  
1025 sold, assigned or otherwise transferred, in whole or in part, more than  
1026 three times, (B) in the case of a credit allowed for the income year  
1027 commencing on or after January 1, 2011, and prior to January 1, 2012,  
1028 any entity that is not subject to tax under chapter 207 or this chapter may  
1029 transfer not more than fifty per cent of such credit in any one income  
1030 year, and (C) in the case of a credit allowed for an income year  
1031 commencing on or after January 1, 2012, any entity that is not subject to  
1032 tax under chapter 207 or this chapter may transfer not more than  
1033 twenty-five per cent of such credit in any one income year.

1034 (2) Notwithstanding the provisions of subdivision (1) of this

1035 subsection, any entity that is not subject to tax under this chapter or  
1036 chapter 207 shall not be subject to the limitations on the transfer of  
1037 credits provided in subparagraphs (B) and (C) of said subdivision (1),  
1038 provided such entity owns not less than fifty per cent, directly or  
1039 indirectly, of a business entity, as defined in section 12-284b.

1040 (3) Notwithstanding the provisions of subdivision (1) of this  
1041 subsection, any qualified production that is created in whole or in  
1042 significant part, as determined by the Commissioner of Economic and  
1043 Community Development, at a qualified production facility shall not be  
1044 subject to the limitations of subparagraph (B) or (C) of said subdivision  
1045 (1). For purposes of this subdivision, "qualified production facility"  
1046 means a facility (A) located in this state, (B) intended for film, television  
1047 or digital media production, and (C) that has had a minimum  
1048 investment of three million dollars, or less if the Commissioner of  
1049 Economic and Community Development determines such facility  
1050 otherwise qualifies.

1051 (4) (A) For the income year commencing January 1, 2018, any credit  
1052 that is sold, assigned or otherwise transferred, in whole or in part, to one  
1053 or more taxpayers pursuant to subdivision (1) of this subsection may be  
1054 claimed against the tax imposed under chapter 211 only if there is  
1055 common ownership of at least fifty per cent between such taxpayer and  
1056 the eligible production company that sold, assigned or otherwise  
1057 transferred such credit. Such taxpayer may only claim ninety-two per  
1058 cent of the amount of such credit entered by the department on the  
1059 production tax credit voucher.

1060 (B) For income years commencing on or after January 1, 2019, any  
1061 credit that is sold, assigned or otherwise transferred, in whole or in part,  
1062 to one or more taxpayers pursuant to subdivision (1) of this subsection,  
1063 which credit is claimed against the tax imposed under chapter 211, shall  
1064 be subject to the following limits:

1065 (i) The taxpayer may only claim ninety-five per cent of the amount of  
1066 such credit entered by the department on the production tax credit  
1067 voucher; and

1068 (ii) If there is common ownership of at least fifty per cent between  
1069 such taxpayer and the eligible production company that sold, assigned  
1070 or otherwise transferred such credit, such taxpayer may only claim  
1071 ninety-two per cent of the amount of such credit entered by the  
1072 department on the production tax credit voucher.

1073 (5) For income years commencing on or after January 1, 2022, any  
1074 credit that is claimed against the tax imposed under chapter 219 shall be  
1075 subject to the following limits:

1076 (A) Any credit that is sold, assigned or otherwise transferred, in  
1077 whole or in part, to one or more taxpayers pursuant to subdivision (1)  
1078 of this subsection may be claimed against the tax imposed under chapter  
1079 219 only if there is common ownership of at least fifty per cent between  
1080 such taxpayer and the eligible production company that sold, assigned  
1081 or otherwise transferred such credit; and

1082 (B) The eligible production company or taxpayer claiming the credit  
1083 against the tax imposed under chapter 219 may only claim ninety-two  
1084 per cent of the amount of such credit entered by the department on the  
1085 production tax credit voucher.

1086 (f) (1) On and after July 1, 2006, and for income years commencing on  
1087 or after January 1, 2006, but prior to January 1, 2015, all or part of any  
1088 such credit allowed under this section may be claimed against the tax  
1089 imposed under chapter 207 or this chapter for the income year in which  
1090 the production expenses or costs were incurred, or in the three  
1091 immediately succeeding income years.

1092 (2) For production tax credit vouchers issued on or after July 1, 2015,  
1093 but prior to January 1, 2018, all or part of any such credit may be claimed  
1094 against [(A)] the tax imposed under chapter 207 or this chapter, [or (B)  
1095 for income years commencing on or after January 1, 2018,] for the  
1096 income year in which the production expenses or costs were incurred,  
1097 or in the five immediately succeeding income years.

1098 (3) For production tax credit vouchers issued on or after July 1, 2018,

1099 but prior to January 1, 2022, all or part of any such credit may be claimed  
1100 against the tax imposed under chapter 207 or 211 or this chapter, for the  
1101 income year in which the production expenses or costs were incurred,  
1102 or in the five immediately succeeding income years.

1103 (4) For production tax credit vouchers issued on or after January 1,  
1104 2022, all or part of any such credit may be claimed against the tax  
1105 imposed under chapter 207, 211, 219 or this chapter, for the income year  
1106 in which the production expenses or costs were incurred, or in the five  
1107 immediately succeeding income years.

1108 ~~[(3)]~~ (g) Any production tax credit allowed under this [subsection]  
1109 section shall be nonrefundable.

1110 ~~[(g)]~~ (h) (1) An eligible production company shall apply to the  
1111 department for a tax credit voucher on an annual basis, but not later  
1112 than ninety days after the first production expenses or costs are incurred  
1113 in the production of a qualified production, and shall provide with such  
1114 application such information as the department may require to  
1115 determine such company's eligibility to claim a credit under this section.  
1116 No production expenses or costs may be listed more than once for  
1117 purposes of the tax credit voucher pursuant to this section, or pursuant  
1118 to section 12-217kk or 12-217ll, and if a production expense or cost has  
1119 been included in a claim for a credit, such production expense or cost  
1120 may not be included in any subsequent claim for a credit.

1121 (2) Not later than ninety days after the end of the annual period, or  
1122 after the last production expenses or costs are incurred in the production  
1123 of a qualified production, an eligible production company shall apply  
1124 to the department for a production tax credit voucher, and shall provide  
1125 with such application such information and independent certification as  
1126 the department may require pertaining to the amount of such  
1127 company's production expenses or costs. Such independent certification  
1128 shall be provided by an audit professional chosen from a list compiled  
1129 by the department. If the department determines that such company is  
1130 eligible to be issued a production tax credit voucher, the department  
1131 shall enter on the voucher the amount of production expenses or costs

1132 that has been established to the satisfaction of the department and the  
1133 amount of such company's credit under this section. The department  
1134 shall provide a copy of such voucher to the commissioner, upon request.

1135 (3) The department shall charge a reasonable administrative fee  
1136 sufficient to cover the department's costs to analyze applications  
1137 submitted under this section.

1138 [(h)] (i) If an eligible production company sells, assigns or otherwise  
1139 transfers a credit under this section to another taxpayer, the transferor  
1140 and transferee shall jointly submit written notification of such transfer  
1141 to the department not later than thirty days after such transfer. If such  
1142 transferee sells, assigns or otherwise transfers a credit under this section  
1143 to a subsequent transferee, such transferee and such subsequent  
1144 transferee shall jointly submit written notification of such transfer to the  
1145 department not later than thirty days after such transfer. The  
1146 notification after each transfer shall include the credit voucher number,  
1147 the date of transfer, the amount of such credit transferred, the tax credit  
1148 balance before and after the transfer, the tax identification numbers for  
1149 both the transferor and the transferee, and any other information  
1150 required by the department. Failure to comply with this subsection will  
1151 result in a disallowance of the tax credit until there is full compliance on  
1152 the part of the transferor and the transferee, and for a second or third  
1153 transfer, on the part of all subsequent transferors and transferees. The  
1154 department shall provide a copy of the notification of assignment to the  
1155 commissioner upon request.

1156 [(i)] (j) Any eligible production company that submits information to  
1157 the department that it knows to be fraudulent or false shall, in addition  
1158 to any other penalties provided by law, be liable for a penalty equal to  
1159 the amount of such company's credit entered on the production tax  
1160 credit voucher issued under this section.

1161 [(j)] (k) No tax credits transferred pursuant to this section shall be  
1162 subject to a post-certification remedy, and the department and the  
1163 commissioner shall have no right, except in the case of possible material  
1164 misrepresentation or fraud, to conduct any further or additional review,

1165 examination or audit of the expenditures or costs for which such tax  
1166 credits were issued. The sole and exclusive remedy of the department  
1167 and the commissioner shall be to seek collection of the amount of such  
1168 tax credits from the entity that committed the fraud or  
1169 misrepresentation.

1170 [(k)] (l) The department, in consultation with the commissioner, shall  
1171 adopt regulations, in accordance with the provisions of chapter 54, as  
1172 may be necessary for the administration of this section.

1173 Sec. 20. Section 12-541 of the general statutes is repealed and the  
1174 following is substituted in lieu thereof (*Effective June 30, 2021*):

1175 (a) The provisions of this section shall apply to sales occurring prior  
1176 to July 1, 2021.

1177 [(a)] (b) Except as provided in subsection [(b)] (c) of this section, there  
1178 is hereby imposed a tax of ten per cent of the admission charge to any  
1179 place of amusement, entertainment or recreation. No tax shall be  
1180 imposed with respect to any admission charge:

1181 (1) When the admission charge is less than one dollar or, in the case  
1182 of any motion picture show, when the admission charge is not more  
1183 than five dollars;

1184 (2) When a daily admission charge is imposed that entitles the patron  
1185 to participate in an athletic or sporting activity;

1186 (3) To any event, other than events held at the stadium facility, as  
1187 defined in section 32-651, if all of the proceeds from the event inure  
1188 exclusively to an entity that is exempt from federal income tax under the  
1189 Internal Revenue Code, provided such entity actively engages in and  
1190 assumes the financial risk associated with the presentation of such  
1191 event;

1192 (4) To any event, other than events held at the stadium facility, as  
1193 defined in section 32-651, that, in the opinion of the commissioner, is  
1194 conducted primarily to raise funds for an entity that is exempt from

1195 federal income tax under the Internal Revenue Code, provided the  
1196 commissioner is satisfied that the net profit that inures to such entity  
1197 from such event will exceed the amount of the admissions tax that, but  
1198 for this subdivision, would be imposed upon the person making such  
1199 charge to such event;

1200 (5) Other than for events held at the stadium facility, as defined in  
1201 section 32-651, paid by centers of service for elderly persons, as  
1202 described in section 17a-310;

1203 (6) To any production featuring live performances by actors or  
1204 musicians presented at Gateway's Candlewood Playhouse, Ocean Beach  
1205 Park or any nonprofit theater or playhouse in the state, provided such  
1206 theater or playhouse possesses evidence confirming exemption from  
1207 federal tax under Section 501 of the Internal Revenue Code;

1208 (7) To any carnival or amusement ride;

1209 (8) To any interscholastic athletic event held at the stadium facility,  
1210 as defined in section 32-651;

1211 (9) If the admission charge would have been subject to tax under the  
1212 provisions of section 12-542 of the general statutes, revision of 1958,  
1213 revised to January 1, 1999; or

1214 (10) On and after July 1, 2020, to any event at the Dunkin' Donuts Park  
1215 in Hartford.

1216 [(b)] (c) (1) For the following venues and events, for sales occurring  
1217 on or after July 1, 2019, but prior to July 1, 2020, the tax imposed under  
1218 this section shall be seven and one-half per cent of the admission charge  
1219 to:

1220 (A) Any event at the XL Center in Hartford;

1221 (B) Any event at Dillon Stadium in Hartford;

1222 (C) Any athletic event presented by a member team of the Atlantic  
1223 League of Professional Baseball at the New Britain Stadium;

- 1224 (D) Any event at the Webster Bank Arena in Bridgeport;  
1225 (E) Any event at the Harbor Yard Amphitheater in Bridgeport;  
1226 (F) Any event at Dodd Stadium in Norwich;  
1227 (G) Any event at the Oakdale Theatre in Wallingford; and  
1228 (H) Any event other than an interscholastic athletic event at the  
1229 stadium facility, as defined in section 32-651.

1230 (2) For sales occurring on or after July 1, 2019, but prior to July 1, 2020,  
1231 for any event at the Dunkin' Donuts Park in Hartford, the tax imposed  
1232 under this section shall be five per cent of the admission charge.

1233 (3) For the venues and events specified in subdivision (1) of this  
1234 subsection, for sales occurring on or after July 1, 2020, the tax imposed  
1235 under this section shall be five per cent of the admission charge.

1236 (4) On and after July 1, 2001, the tax imposed under this section on  
1237 any motion picture show shall be six per cent of the admission charge.

1238 [(c)] (d) The tax shall be imposed upon the person making such  
1239 charge and reimbursement for the tax shall be collected by such person  
1240 from the purchase. Such reimbursement, termed "tax", shall be paid by  
1241 the purchaser to the person making the admission charge. Such tax,  
1242 when added to the admission charge, shall be a debt from the purchaser  
1243 to the person making the admission charge and shall be recoverable at  
1244 law. The amount of tax reimbursement, when so collected, shall be  
1245 deemed to be a special fund in trust for the state of Connecticut.

1246 Sec. 21. Subsection (a) of section 12-7b of the general statutes is  
1247 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
1248 *2021*):

1249 (a) The Commissioner of Revenue Services shall, annually on or  
1250 before the thirty-first day of December, submit to the legislative Office  
1251 of Fiscal Analysis a report concerning certain state tax data, applicable  
1252 with respect to the state fiscal year ending on the thirtieth day of June



1253 immediately preceding, as follows:

1254 (1) Sales and use tax data, including (A) gross receipts subject to sales  
1255 tax, stated separately in relation to sales of (i) any tangible personal  
1256 property, (ii) the leasing or rental of tangible personal property, and (iii)  
1257 the rendering of any services subject to said tax, (B) total revenue loss  
1258 related to each of the separate provisions for exemption under chapter  
1259 219, and (C) total amount of tax collected with respect to each of the  
1260 industrial classifications included in the Standard Industrial  
1261 Classification Code in current use for purposes of certain statistical data  
1262 by the Commissioner of Revenue Services;

1263 (2) Corporation business tax data, including (A) total net income and  
1264 total net income apportioned to Connecticut for the most current income  
1265 years with respect to which final data is available at the time of each  
1266 such report, (B) amount of depreciation not allowed as a deduction in  
1267 determining net income for purposes of said tax, (C) operating loss  
1268 carry-overs, (D) credits and refunds, separately stated, for  
1269 overpayments of taxes due in prior years and to be applicable to the  
1270 most current income years with respect to which final data is available  
1271 at the time of each such report, (E) number of accounts and total  
1272 corporation tax attributable to determination in accordance with (i) net  
1273 income tax base, and (ii) the minimum tax base provisions under section  
1274 12-219, as amended by this act, and (F) total corporation tax attributable  
1275 to each of the industrial classifications included in the Standard  
1276 Industrial Classification Code in current use for purposes of certain  
1277 statistical data by the Commissioner of Revenue Services;

1278 (3) Estate and gift tax data, including total taxes collected and the  
1279 number of taxpayers, separately stated with respect to the estate tax and  
1280 the gift tax;

1281 (4) Personal income tax data, including (A) all components of and  
1282 adjustments to federal gross income, federal adjusted gross income and  
1283 federal taxable income, separately stated, of Connecticut taxpayers,  
1284 sorted into ten-thousand-dollar increments of federal adjusted gross  
1285 income up to and including one hundred thousand dollars, into twenty-

1286 five-thousand-dollar increments of federal adjusted gross income from  
1287 over one hundred thousand dollars up to and including two hundred  
1288 thousand dollars and into one increment over two hundred thousand  
1289 dollars of federal adjusted gross income, as derived from federal income  
1290 tax returns, and (B) all components of and adjustments to Connecticut  
1291 adjusted gross income and Connecticut taxable income, separately  
1292 stated, of Connecticut taxpayers, sorted into ten-thousand-dollar  
1293 increments of Connecticut adjusted gross income up to and including  
1294 one hundred thousand dollars, into twenty-five-thousand-dollar  
1295 increments of Connecticut adjusted gross income from over one  
1296 hundred thousand dollars up to and including two hundred thousand  
1297 dollars and into one increment over two hundred thousand dollars of  
1298 Connecticut adjusted gross income, as derived from state personal  
1299 income tax returns;

1300 (5) [Admissions] (A) Prior to July 1, 2021, admissions and dues tax  
1301 data, including the number of taxpayers and the total amount of tax  
1302 collected, stated separately with respect to each of the taxes imposed  
1303 under chapter 225, and (B) on and after July 1, 2021, dues tax data,  
1304 including the number of taxpayers and the total amount of tax collected  
1305 under chapter 225;

1306 (6) Real estate conveyance tax data, including (A) the number of  
1307 taxable transfers and the total amount of revenue, and (B) the amount  
1308 of revenue attributable to categories of purchase price for such transfers  
1309 of real estate, as follows: (i) Under thirty thousand dollars, (ii) brackets  
1310 of ten thousand dollars each from thirty thousand dollars up to two  
1311 hundred thousand dollars, and (iii) two hundred thousand dollars and  
1312 over; and

1313 (7) Data applicable to any state tax not included in subdivisions (1) to  
1314 (6), inclusive, of this subsection, including totals applicable to each such  
1315 tax for (A) number of taxpayers, (B) payments in accordance with  
1316 applicable penalty provisions for delinquency, and (C) taxes collected  
1317 which became due in the preceding fiscal year.

1318 Sec. 22. Subsection (a) of section 32-285 of the general statutes is

1319 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
1320 *2021*):

1321 (a) (1) There is hereby established a tax incremental financing  
1322 program, under which the incremental hotel taxes collected under  
1323 subparagraph (H) of subdivision (2) of subsection (a) of section 12-407,  
1324 [which] that are generated by a project approved by the corporation  
1325 under this section may be used to pay the debt service on bonds issued  
1326 by the corporation to help finance, on a self-sustaining basis, significant  
1327 economic projects and encourage their location in the state.

1328 (2) The incremental sales taxes collected under chapter 219, other  
1329 than the sales tax referenced in subdivision (1) of this subsection, and  
1330 [admissions, cabaret and] dues taxes collected under chapter 225  
1331 [which] that are generated by a project may, subject to approval  
1332 pursuant to this section by the joint standing committees of the General  
1333 Assembly having cognizance of matters relating to the Department of  
1334 Economic and Community Development and finance, revenue and  
1335 bonding, and the corporation, be used to pay the debt service on bonds  
1336 issued by the corporation to help finance, on a self-sustaining basis,  
1337 significant economic projects and encourage their location in the state.

1338 Sec. 23. Subdivision (2) of subsection (f) of section 32-285 of the  
1339 general statutes is repealed and the following is substituted in lieu  
1340 thereof (*Effective July 1, 2021*):

1341 (2) The corporation may approve a project only if it concludes that:  
1342 (A) The project is an eligible project; (B) the incremental hotel taxes or,  
1343 if applicable, the incremental sales taxes collected under chapter 219 and  
1344 the incremental [admissions, cabaret and] dues taxes collected under  
1345 chapter 225 that are generated by the project, together with other  
1346 dedicated sources of financing available to pay debt service on the  
1347 bonds, will be sufficient to pay interest and principal on the bonds as  
1348 they come due; (C) the project will be economically viable and will  
1349 contribute significantly to economic development and employment  
1350 opportunity in the state; and (D) the direct and indirect economic  
1351 benefits of the project to the state and the municipality in which it shall

1352 be located will be greater than the costs to the state and such  
1353 municipality.

1354 Sec. 24. Subsection (i) of section 32-656 of the general statutes is  
1355 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
1356 *2021*):

1357 (i) The secretary and the authority shall jointly select and appoint an  
1358 independent construction contract compliance officer or agent, which  
1359 may be an officer or agency of a political subdivision of the state, other  
1360 than the authority, or a private consultant experienced in similar public  
1361 contract compliance matters, to monitor compliance by the secretary,  
1362 the authority, the project manager and each prime construction  
1363 contractor with the provisions of applicable state law, including  
1364 subdivision (1) of section 12-412, subsection (a) of section 12-498,  
1365 [sections 12-541 and] section 13a-25, subdivision (1) of section 22a-134,  
1366 section 32-600, subsection (d) of section 32-602, subsection (c) of section  
1367 32-605, section 32-610, subsections (a) and (b) of section 32-614, sections  
1368 32-617, 32-617a, 32-650, 32-651 to 32-658, inclusive, 32-660 and 32-661,  
1369 subsection (b) of section 32-662, section 32-663, subsections (j) to (l),  
1370 inclusive, of section 32-664, sections 32-665 to 32-666a, inclusive, sections  
1371 32-668 and 48-21 and sections 29 and 30 of public act 00-140, and with  
1372 applicable requirements of contracts with the secretary or the authority,  
1373 relating to set-asides for small contractors and minority business  
1374 enterprises and required efforts to hire available and qualified members  
1375 of minorities and available and qualified residents of the city of Hartford  
1376 and the town of East Hartford for construction jobs with respect to the  
1377 overall project and the on-site related private development. Such  
1378 independent contract compliance officer or agent shall file a written  
1379 report of his or her findings and recommendations with the secretary  
1380 and the authority each quarter during the period of project  
1381 development.

1382 Sec. 25. (NEW) (*Effective January 1, 2022*) (a) As used in this section:

1383 (1) "Child" means an individual who is under seventeen years of age;

1384 (2) "Eligible taxpayer" means a resident of this state who is subject to  
1385 the tax under chapter 229 of the general statutes; and

1386 (3) "Resident of this state" has the same meaning as provided in  
1387 subsection (a) of section 12-701 of the general statutes, as amended by  
1388 this act.

1389 (b) Any eligible taxpayer shall be allowed a credit against the tax  
1390 imposed under chapter 229 of the general statutes, other than the  
1391 liability imposed under section 12-707 of the general statutes, for each  
1392 child, up to a maximum of three children, that the eligible taxpayer  
1393 validly claims as a dependent on such taxpayer's return filed under the  
1394 federal income tax for the applicable taxable year.

1395 (1) For the taxable year commencing January 1, 2022, an eligible  
1396 taxpayer may claim one of the options set forth in this subdivision:

1397 (A) Three hundred dollars per child, provided such amount shall be  
1398 reduced ten per cent for every one thousand dollars, or fraction thereof,  
1399 of federal adjusted gross income over (i) one hundred thousand dollars  
1400 for an individual who files a return under the federal income tax as an  
1401 unmarried individual or a married individual filing separately, (ii) one  
1402 hundred sixty thousand dollars for an individual who files a return  
1403 under the federal income tax as a head of household, and (iii) two  
1404 hundred thousand dollars for individuals who file a return under the  
1405 federal income tax as married individuals filing jointly or as a surviving  
1406 spouse, as defined in Section 2(a) of the Internal Revenue Code. The  
1407 credit allowed under this subparagraph shall not be used to reduce the  
1408 taxpayer's liability to less than zero; or

1409 (B) Two hundred ten dollars per child, provided such amount shall  
1410 be reduced ten per cent for every one thousand dollars, or fraction  
1411 thereof, of federal adjusted gross income over (i) one hundred thousand  
1412 dollars for an individual who files a return under the federal income tax  
1413 as an unmarried individual or a married individual filing separately, (ii)  
1414 one hundred sixty thousand dollars for an individual who files a return  
1415 under the federal income tax as a head of household, and (iii) two

1416 hundred thousand dollars for individuals who file a return under the  
1417 federal income tax as married individuals filing jointly or as a surviving  
1418 spouse. The credit allowed under this subparagraph shall not exceed  
1419 two and one-quarter per cent of the eligible taxpayer's federal adjusted  
1420 gross income. If the amount of the credit allowed pursuant to this  
1421 subparagraph exceeds the eligible taxpayer's liability for the tax  
1422 imposed under chapter 229 of the general statutes, the Commissioner of  
1423 Revenue Services shall treat such excess as an overpayment and, except  
1424 as provided under section 12-739 or 12-742 of the general statutes, shall  
1425 refund the amount of such excess, without interest, to the eligible  
1426 taxpayer.

1427 (2) For the taxable year commencing January 1, 2023, and each taxable  
1428 year thereafter, an eligible taxpayer may claim one of the options set  
1429 forth in this subdivision:

1430 (A) Six hundred dollars per child, provided such amount shall be  
1431 reduced ten per cent for every one thousand dollars, or fraction thereof,  
1432 of federal adjusted gross income over (i) one hundred thousand dollars  
1433 for an individual who files a return under the federal income tax as an  
1434 unmarried individual or a married individual filing separately, (ii) one  
1435 hundred sixty thousand dollars for an individual who files a return  
1436 under the federal income tax as a head of household, and (iii) two  
1437 hundred thousand dollars for individuals who file a return under the  
1438 federal income tax as married individuals filing jointly or as a surviving  
1439 spouse, as defined in Section 2(a) of the Internal Revenue Code. The  
1440 credit allowed under this subparagraph shall not be used to reduce the  
1441 taxpayer's liability to less than zero; or

1442 (B) Four hundred twenty dollars per child, provided such amount  
1443 shall be reduced ten per cent for every one thousand dollars, or fraction  
1444 thereof, of federal adjusted gross income over (i) one hundred thousand  
1445 dollars for an individual who files a return under the federal income tax  
1446 as an unmarried individual or a married individual filing separately, (ii)  
1447 one hundred sixty thousand dollars for an individual who files a return  
1448 under the federal income tax as a head of household, and (iii) two

1449 hundred thousand dollars for individuals who file a return under the  
1450 federal income tax as married individuals filing jointly or as a surviving  
1451 spouse. The credit allowed under this subparagraph shall not exceed  
1452 four and one-half per cent of the eligible taxpayer's federal adjusted  
1453 gross income. If the amount of the credit allowed pursuant to this  
1454 subparagraph exceeds the eligible taxpayer's liability for the tax  
1455 imposed under chapter 229 of the general statutes, the Commissioner of  
1456 Revenue Services shall treat such excess as an overpayment and, except  
1457 as provided under section 12-739 or 12-742 of the general statutes, shall  
1458 refund the amount of such excess, without interest, to the eligible  
1459 taxpayer.

1460 (c) For the purposes of this section, the tax liability of an eligible  
1461 taxpayer shall be calculated without regard to the credit allowed under  
1462 section 12-704e of the general statutes, as amended by this act.

1463 Sec. 26. Subparagraph (B) of subdivision (20) of subsection (a) of  
1464 section 12-701 of the general statutes is repealed and the following is  
1465 substituted in lieu thereof (*Effective January 1, 2022*):

1466 (B) There shall be subtracted therefrom:

1467 (i) To the extent properly includable in gross income for federal  
1468 income tax purposes, any income with respect to which taxation by any  
1469 state is prohibited by federal law;

1470 (ii) To the extent allowable under section 12-718, exempt dividends  
1471 paid by a regulated investment company;

1472 (iii) To the extent properly includable in gross income for federal  
1473 income tax purposes, the amount of any refund or credit for  
1474 overpayment of income taxes imposed by this state, or any other state  
1475 of the United States or a political subdivision thereof, or the District of  
1476 Columbia;

1477 (iv) To the extent properly includable in gross income for federal  
1478 income tax purposes and not otherwise subtracted from federal  
1479 adjusted gross income pursuant to clause (x) of this subparagraph in

1480 computing Connecticut adjusted gross income, any tier 1 railroad  
1481 retirement benefits;

1482 (v) To the extent any additional allowance for depreciation under  
1483 Section 168(k) of the Internal Revenue Code for property placed in  
1484 service after September 27, 2017, was added to federal adjusted gross  
1485 income pursuant to subparagraph (A)(ix) of this subdivision in  
1486 computing Connecticut adjusted gross income, twenty-five per cent of  
1487 such additional allowance for depreciation in each of the four  
1488 succeeding taxable years;

1489 (vi) To the extent properly includable in gross income for federal  
1490 income tax purposes, any interest income from obligations issued by or  
1491 on behalf of the state of Connecticut, any political subdivision thereof,  
1492 or public instrumentality, state or local authority, district or similar  
1493 public entity created under the laws of the state of Connecticut;

1494 (vii) To the extent properly includable in determining the net gain or  
1495 loss from the sale or other disposition of capital assets for federal income  
1496 tax purposes, any gain from the sale or exchange of obligations issued  
1497 by or on behalf of the state of Connecticut, any political subdivision  
1498 thereof, or public instrumentality, state or local authority, district or  
1499 similar public entity created under the laws of the state of Connecticut,  
1500 in the income year such gain was recognized;

1501 (viii) Any interest on indebtedness incurred or continued to purchase  
1502 or carry obligations or securities the interest on which is subject to tax  
1503 under this chapter but exempt from federal income tax, to the extent that  
1504 such interest on indebtedness is not deductible in determining federal  
1505 adjusted gross income and is attributable to a trade or business carried  
1506 on by such individual;

1507 (ix) Ordinary and necessary expenses paid or incurred during the  
1508 taxable year for the production or collection of income which is subject  
1509 to taxation under this chapter but exempt from federal income tax, or  
1510 the management, conservation or maintenance of property held for the  
1511 production of such income, and the amortizable bond premium for the



1512 taxable year on any bond the interest on which is subject to tax under  
1513 this chapter but exempt from federal income tax, to the extent that such  
1514 expenses and premiums are not deductible in determining federal  
1515 adjusted gross income and are attributable to a trade or business carried  
1516 on by such individual;

1517 (x) (I) For taxable years commencing prior to January 1, 2019, for a  
1518 person who files a return under the federal income tax as an unmarried  
1519 individual whose federal adjusted gross income for such taxable year is  
1520 less than fifty thousand dollars, or as a married individual filing  
1521 separately whose federal adjusted gross income for such taxable year is  
1522 less than fifty thousand dollars, or for a husband and wife who file a  
1523 return under the federal income tax as married individuals filing jointly  
1524 whose federal adjusted gross income for such taxable year is less than  
1525 sixty thousand dollars or a person who files a return under the federal  
1526 income tax as a head of household whose federal adjusted gross income  
1527 for such taxable year is less than sixty thousand dollars, an amount  
1528 equal to the Social Security benefits includable for federal income tax  
1529 purposes;

1530 (II) For taxable years commencing prior to January 1, 2019, for a  
1531 person who files a return under the federal income tax as an unmarried  
1532 individual whose federal adjusted gross income for such taxable year is  
1533 fifty thousand dollars or more, or as a married individual filing  
1534 separately whose federal adjusted gross income for such taxable year is  
1535 fifty thousand dollars or more, or for a husband and wife who file a  
1536 return under the federal income tax as married individuals filing jointly  
1537 whose federal adjusted gross income from such taxable year is sixty  
1538 thousand dollars or more or for a person who files a return under the  
1539 federal income tax as a head of household whose federal adjusted gross  
1540 income for such taxable year is sixty thousand dollars or more, an  
1541 amount equal to the difference between the amount of Social Security  
1542 benefits includable for federal income tax purposes and the lesser of  
1543 twenty-five per cent of the Social Security benefits received during the  
1544 taxable year, or twenty-five per cent of the excess described in Section  
1545 86(b)(1) of the Internal Revenue Code;

1546 (III) For the taxable year commencing January 1, 2019, and each  
1547 taxable year thereafter, for a person who files a return under the federal  
1548 income tax as an unmarried individual whose federal adjusted gross  
1549 income for such taxable year is less than seventy-five thousand dollars,  
1550 or as a married individual filing separately whose federal adjusted gross  
1551 income for such taxable year is less than seventy-five thousand dollars,  
1552 or for a husband and wife who file a return under the federal income tax  
1553 as married individuals filing jointly whose federal adjusted gross  
1554 income for such taxable year is less than one hundred thousand dollars  
1555 or a person who files a return under the federal income tax as a head of  
1556 household whose federal adjusted gross income for such taxable year is  
1557 less than one hundred thousand dollars, an amount equal to the Social  
1558 Security benefits includable for federal income tax purposes; and

1559 (IV) For the taxable year commencing January 1, 2019, and each  
1560 taxable year thereafter, for a person who files a return under the federal  
1561 income tax as an unmarried individual whose federal adjusted gross  
1562 income for such taxable year is seventy-five thousand dollars or more,  
1563 or as a married individual filing separately whose federal adjusted gross  
1564 income for such taxable year is seventy-five thousand dollars or more,  
1565 or for a husband and wife who file a return under the federal income tax  
1566 as married individuals filing jointly whose federal adjusted gross  
1567 income from such taxable year is one hundred thousand dollars or more  
1568 or for a person who files a return under the federal income tax as a head  
1569 of household whose federal adjusted gross income for such taxable year  
1570 is one hundred thousand dollars or more, an amount equal to the  
1571 difference between the amount of Social Security benefits includable for  
1572 federal income tax purposes and the lesser of twenty-five per cent of the  
1573 Social Security benefits received during the taxable year, or twenty-five  
1574 per cent of the excess described in Section 86(b)(1) of the Internal  
1575 Revenue Code;

1576 (xi) To the extent properly includable in gross income for federal  
1577 income tax purposes, any amount rebated to a taxpayer pursuant to  
1578 section 12-746;

1579       (xii) To the extent properly includable in the gross income for federal  
1580 income tax purposes of a designated beneficiary, any distribution to  
1581 such beneficiary from any qualified state tuition program, as defined in  
1582 Section 529(b) of the Internal Revenue Code, established and  
1583 maintained by this state or any official, agency or instrumentality of the  
1584 state;

1585       (xiii) To the extent allowable under section 12-701a, contributions to  
1586 accounts established pursuant to any qualified state tuition program, as  
1587 defined in Section 529(b) of the Internal Revenue Code, established and  
1588 maintained by this state or any official, agency or instrumentality of the  
1589 state;

1590       (xiv) To the extent properly includable in gross income for federal  
1591 income tax purposes, the amount of any Holocaust victims' settlement  
1592 payment received in the taxable year by a Holocaust victim;

1593       (xv) To the extent properly includable in gross income for federal  
1594 income tax purposes of an account holder, as defined in section 31-  
1595 51ww, interest earned on funds deposited in the individual  
1596 development account, as defined in section 31-51ww, of such account  
1597 holder;

1598       (xvi) To the extent properly includable in the gross income for federal  
1599 income tax purposes of a designated beneficiary, as defined in section  
1600 3-123aa, interest, dividends or capital gains earned on contributions to  
1601 accounts established for the designated beneficiary pursuant to the  
1602 Connecticut Homecare Option Program for the Elderly established by  
1603 sections 3-123aa to 3-123ff, inclusive;

1604       (xvii) To the extent properly includable in gross income for federal  
1605 income tax purposes, any income received from the United States  
1606 government as retirement pay for a retired member of (I) the Armed  
1607 Forces of the United States, as defined in Section 101 of Title 10 of the  
1608 United States Code, or (II) the National Guard, as defined in Section 101  
1609 of Title 10 of the United States Code;

1610 (xviii) To the extent properly includable in gross income for federal  
1611 income tax purposes for the taxable year, any income from the discharge  
1612 of indebtedness in connection with any reacquisition, after December  
1613 31, 2008, and before January 1, 2011, of an applicable debt instrument or  
1614 instruments, as those terms are defined in Section 108 of the Internal  
1615 Revenue Code, as amended by Section 1231 of the American Recovery  
1616 and Reinvestment Act of 2009, to the extent any such income was added  
1617 to federal adjusted gross income pursuant to subparagraph (A)(xi) of  
1618 this subdivision in computing Connecticut adjusted gross income for a  
1619 preceding taxable year;

1620 (xix) To the extent not deductible in determining federal adjusted  
1621 gross income, the amount of any contribution to a manufacturing  
1622 reinvestment account established pursuant to section 32-9zz in the  
1623 taxable year that such contribution is made;

1624 (xx) To the extent properly includable in gross income for federal  
1625 income tax purposes, (I) for the taxable year commencing January 1,  
1626 2015, ten per cent of the income received from the state teachers'  
1627 retirement system, (II) for the taxable years commencing January 1,  
1628 2016, to January 1, 2020, inclusive, twenty-five per cent of the income  
1629 received from the state teachers' retirement system, and (III) for the  
1630 taxable year commencing January 1, 2021, and each taxable year  
1631 thereafter, fifty per cent of the income received from the state teachers'  
1632 retirement system or the percentage, if applicable, pursuant to clause  
1633 (xxi) of this subparagraph;

1634 (xxi) To the extent properly includable in gross income for federal  
1635 income tax purposes, except for retirement benefits under clause (iv) of  
1636 this subparagraph and retirement pay under clause (xvii) of this  
1637 subparagraph, for a person who files a return under the federal income  
1638 tax as an unmarried individual whose federal adjusted gross income for  
1639 such taxable year is less than seventy-five thousand dollars, or as a  
1640 married individual filing separately whose federal adjusted gross  
1641 income for such taxable year is less than seventy-five thousand dollars,  
1642 or as a head of household whose federal adjusted gross income for such

1643 taxable year is less than seventy-five thousand dollars, or for a husband  
1644 and wife who file a return under the federal income tax as married  
1645 individuals filing jointly whose federal adjusted gross income for such  
1646 taxable year is less than one hundred thousand dollars, (I) for the taxable  
1647 year commencing January 1, 2019, fourteen per cent of any pension or  
1648 annuity income, (II) for the taxable year commencing January 1, 2020,  
1649 twenty-eight per cent of any pension or annuity income, (III) for the  
1650 taxable year commencing January 1, 2021, forty-two per cent of any  
1651 pension or annuity income, (IV) for the taxable year commencing  
1652 January 1, 2022, fifty-six per cent of any pension or annuity income and  
1653 of any distributions from an individual retirement account other than a  
1654 Roth individual retirement account, (V) for the taxable year  
1655 commencing January 1, 2023, seventy per cent of any pension or annuity  
1656 income and of any distributions from an individual retirement account  
1657 other than a Roth individual retirement account, (VI) for the taxable year  
1658 commencing January 1, 2024, eighty-four per cent of any pension or  
1659 annuity income and of any distributions from an individual retirement  
1660 account other than a Roth individual retirement account, and (VII) for  
1661 the taxable year commencing January 1, 2025, and each taxable year  
1662 thereafter, any pension or annuity income and of any distributions from  
1663 an individual retirement account other than a Roth individual  
1664 retirement account;

1665 (xxii) The amount of lost wages and medical, travel and housing  
1666 expenses, not to exceed ten thousand dollars in the aggregate, incurred  
1667 by a taxpayer during the taxable year in connection with the donation  
1668 to another person of an organ for organ transplantation occurring on or  
1669 after January 1, 2017;

1670 (xxiii) To the extent properly includable in gross income for federal  
1671 income tax purposes, the amount of any financial assistance received  
1672 from the Crumbling Foundations Assistance Fund or paid to or on  
1673 behalf of the owner of a residential building pursuant to sections 8-442  
1674 and 8-443;

1675 (xxiv) To the extent properly includable in gross income for federal

1676 income tax purposes, the amount calculated pursuant to subsection (b)  
1677 of section 12-704g for income received by a general partner of a venture  
1678 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to  
1679 time; and

1680 (xxv) To the extent any portion of a deduction under Section 179 of  
1681 the Internal Revenue Code was added to federal adjusted gross income  
1682 pursuant to subparagraph (A)(xiv) of this subdivision in computing  
1683 Connecticut adjusted gross income, twenty-five per cent of such  
1684 disallowed portion of the deduction in each of the four succeeding  
1685 taxable years.

1686 Sec. 27. (NEW) (*Effective January 1, 2022*) (a) For taxable years  
1687 commencing on or after January 1, 2022, there is imposed a surcharge  
1688 on a taxpayer, excluding trusts or estates, whose Connecticut adjusted  
1689 gross income is equal to or greater than the threshold amount specified  
1690 in section 12-700 of the general statutes for imposition of the highest  
1691 marginal rate on such taxpayer. Such surcharge shall be at the rate of  
1692 two per cent of the net gain from the sale or exchange of capital assets,  
1693 as determined for federal income tax purposes. The surcharge shall be  
1694 in addition to any other tax, fee or surcharge for which the taxpayer is  
1695 liable.

1696 (b) Each taxpayer subject to the surcharge shall file a report with the  
1697 Commissioner of Revenue Services, in such form and containing such  
1698 information as the commissioner prescribes, on or before the fifteenth  
1699 day of the fourth month following the close of the taxpayer's taxable  
1700 year. Such return shall accurately set forth the amount of the net gain  
1701 calculated pursuant to subsection (a) of this section for the preceding  
1702 taxable year and the amount of the taxpayer's surcharge liability for  
1703 such year. A taxpayer required to file a report shall, without assessment,  
1704 notice or demand, pay any surcharge due thereon to the commissioner  
1705 on or before the date specified in this subsection, determined without  
1706 regard to any extension of time for filing the report.

1707 (c) If any person fails to pay the amount of the surcharge reported  
1708 due on a report within the time specified, there shall be imposed a

1709 penalty equal to ten per cent of such amount due and unpaid, or fifty  
1710 dollars, whichever is greater. Such amount shall bear interest at the rate  
1711 of one per cent per month or fraction thereof, from the due date of such  
1712 surcharge until the date of payment. Subject to the provisions of section  
1713 12-3a of the general statutes, the commissioner may waive all or part of  
1714 the penalties provided under this section when it is proven to the  
1715 commissioner's satisfaction that the failure to pay any surcharge was  
1716 due to reasonable cause and was not intentional or due to neglect.

1717 (d) The provisions of sections 12-550 to 12-554, inclusive, and section  
1718 12-555a of the general statutes shall apply to the provisions of this  
1719 section in the same manner and with the same force and effect as if the  
1720 language of said sections had been incorporated in full into this section  
1721 and had expressly referred to the surcharge under this section, except to  
1722 the extent that any provision is inconsistent with a provision in this  
1723 section.

1724 (e) The commissioner may adopt regulations, in accordance with the  
1725 provisions of chapter 54 of the general statutes, to implement the  
1726 provisions of this section.

1727 Sec. 28. Subdivision (2) of subsection (b) of section 12-704c of the  
1728 general statutes is repealed and the following is substituted in lieu  
1729 thereof (*Effective from passage and applicable to taxable years commencing on*  
1730 *or after January 1, 2021*):

1731 (2) Notwithstanding the provisions of subsection (a) of this section,  
1732 for the taxable years commencing January 1, 2017, to January 1, [2020]  
1733 2022, inclusive, the credit under this section shall be allowed only for a  
1734 resident of this state (A) who has attained age sixty-five before the close  
1735 of the applicable taxable year, or (B) who files a return under the federal  
1736 income tax for the applicable taxable year validly claiming one or more  
1737 dependents.

1738 Sec. 29. Section 12-412 of the general statutes is amended by adding  
1739 subdivision (125) as follows (*Effective July 1, 2021, and applicable to sales*  
1740 *occurring on or after July 1, 2021*):

1741 (NEW) (125) (A) Sales of and the storage, use or other consumption  
1742 of breast pumps and breast pump collection and storage supplies, when  
1743 sold to an individual for home use, and repair or replacement parts for  
1744 and repair services rendered to such breast pumps.

1745 (B) (i) Sales of and the storage, use or other consumption of breast  
1746 pump kits prepackaged by the breast pump manufacturer, when sold to  
1747 an individual for home use, provided the breast pump kit is composed  
1748 entirely of (I) a breast pump and breast pump collection and storage  
1749 supplies, that are exempt under this subdivision, or (II) breast pump  
1750 collection and storage supplies that are exempt under this subdivision.

1751 (ii) If a breast pump kit includes other taxable items of tangible  
1752 personal property, the sale of and the storage, use or other consumption  
1753 of such breast pump kit is subject to the tax imposed under this chapter  
1754 unless the sales price of the other taxable items of tangible personal  
1755 property packaged and sold with the breast pump kit at the time of sale  
1756 is ten per cent or less of the total sale price of the breast pump kit.

1757 (C) As used in this subdivision:

1758 (i) "Breast pump" means an electrically or manually controlled pump  
1759 device used to express milk from a human breast during lactation,  
1760 including any external power supply unit packaged and sold with the  
1761 pump device at the time of sale to power the pump device;

1762 (ii) (I) "Breast pump collection and storage supplies" means items of  
1763 tangible personal property such as breast shields and breast shield  
1764 connectors, breast pump tubes and tubing adapters; breast pump valves  
1765 and membranes; backflow protectors and backflow protector adapters;  
1766 bottles and bottle caps specific to the operation of the breast pump,  
1767 breast milk storage bags; and related items sold as part of a breast pump  
1768 kit prepackaged by the breast pump manufacturer; that are used in  
1769 conjunction with a breast pump to collect milk expressed from a human  
1770 breast and to store collected milk until it is ready for consumption;

1771 (II) "Breast pump collection and storage supplies" does not include



1772 bottles and bottle caps not specific to the operation of the breast pump;  
1773 breast pump travel bags or other similar carrying accessories, including  
1774 ice packs, labels and other similar products, unless sold as part of a  
1775 breast pump kit prepackaged by the breast pump manufacturer; breast  
1776 pump cleaning supplies, unless sold as part of a breast pump kit  
1777 prepackaged by the breast pump manufacturer; nursing bras, bra pads,  
1778 breast shells or other similar products; or creams, ointments and other  
1779 similar products that relieve breastfeeding-related symptoms or  
1780 conditions of the breasts or nipples; and

1781 (III) "Breast pump kit" means a prepackaged set that contains one or  
1782 more of the following items: A breast pump; breast pump collection and  
1783 storage supplies; and other items of tangible personal property that may  
1784 be useful to initiate, support or sustain breastfeeding using a breast  
1785 pump during lactation.

1786 Sec. 30. (*Effective July 1, 2021, and applicable to sales occurring on or after*  
1787 *July 1, 2021*) For the fiscal year commencing July 1, 2021, any  
1788 establishment that (1) sells meals, as defined in subdivision (13) of  
1789 section 12-412 of the general statutes, subject to the tax under  
1790 subparagraph (I) of subdivision (1) of section 12-408 of the general  
1791 statutes, and (2) is included in Sector 72 of the North American  
1792 Industrial Classification System, United States Manual, United States  
1793 Office of Management and Budget, 2017 edition, may retain thirteen and  
1794 six-tenths per cent of the tax collected by such establishment that is  
1795 attributable to the sale of meals. Each such establishment shall include  
1796 in each return required to be filed with the Department of Revenue  
1797 Services the total amount of the tax collected from such sales for the  
1798 period reported, the amount retained by such establishment and any  
1799 other information or documentation the Commissioner of Revenue  
1800 Services may require.

1801 Sec. 31. Section 12-263i of the general statutes is repealed and the  
1802 following is substituted in lieu thereof (*Effective June 1, 2021, and*  
1803 *applicable to calendar quarters commencing on or after July 1, 2020*):

1804 (a) As used in this section:

1805 (1) "Ambulatory surgical center" means an entity included within the  
1806 definition of said term that is set forth in 42 CFR 416.2 and that is  
1807 licensed by the Department of Public Health as an outpatient surgical  
1808 facility, and any other ambulatory surgical center that is Medicare  
1809 certified;

1810 (2) "Commissioner" means the Commissioner of Revenue Services;  
1811 and

1812 (3) "Department" means the Department of Revenue Services.

1813 (b) (1) For each calendar quarter commencing on or after October 1,  
1814 2015, but prior to July 1, 2021, there is hereby imposed a tax on each  
1815 ambulatory surgical center in this state to be paid each calendar quarter.  
1816 The tax imposed by this section shall be at the rate of six per cent of the  
1817 gross receipts of each ambulatory surgical center, except that:

1818 (A) Prior to July 1, 2019, such tax shall not be imposed on any amount  
1819 of such gross receipts that constitutes either (i) the first million dollars  
1820 of gross receipts of the ambulatory surgical center in the applicable fiscal  
1821 year, or (ii) net revenue of a hospital that is subject to the tax imposed  
1822 under section 12-263q; [and]

1823 (B) On and after July 1, 2019, but prior to July 1, 2021, such tax shall  
1824 not be imposed on any amount of such gross receipts that constitutes  
1825 any of the following: (i) The first million dollars of gross receipts of the  
1826 ambulatory surgical center in the applicable fiscal year, excluding  
1827 Medicaid and Medicare payments, (ii) net revenue of a hospital that is  
1828 subject to the tax imposed under section 12-263q, (iii) Medicaid  
1829 payments received by the ambulatory surgical center, and (iv) Medicare  
1830 payments received by the ambulatory surgical center; and

1831 (C) For the calendar quarters commencing on or after July 1, 2020, but  
1832 prior to July 1, 2021, COVID-19 expenses may be deducted from the  
1833 gross receipts of the ambulatory surgical center prior to the imposition  
1834 of such tax. As used in this subparagraph, (i) "COVID-19 expenses"  
1835 means all amounts incurred by or on behalf of an ambulatory surgical

1836 center directly or indirectly as a result of COVID-19, including, but not  
1837 limited to, amounts for the purchase, lease, licensing or use of tangible  
1838 or intangible property in connection with tests for, protection or  
1839 prevention against or treatment of COVID-19 or its symptoms, for the  
1840 ambulatory surgical center's personnel, patients, service providers,  
1841 visitors, facilities or tangible personal property, and (ii) "COVID-19"  
1842 means the respiratory disease designated by the World Health  
1843 Organization on February 11, 2020, as coronavirus 2019, and any related  
1844 mutation thereof recognized by said organization as a communicable  
1845 respiratory disease.

1846 (2) Nothing in this section shall prohibit an ambulatory surgical  
1847 center from seeking remuneration for the tax imposed by this section.

1848 (3) Each ambulatory surgical center shall, on or before January 31,  
1849 2016, and thereafter on or before the last day of January, April, July and  
1850 October of each year until and including July 31, 2021, render to the  
1851 commissioner a return, on forms prescribed or furnished by the  
1852 commissioner, reporting the name and location of such ambulatory  
1853 surgical center, the entire amount of gross receipts generated by such  
1854 ambulatory surgical center during the calendar quarter ending on the  
1855 last day of the preceding month and such other information as the  
1856 commissioner deems necessary for the proper administration of this  
1857 section. The tax imposed under this section shall be due and payable on  
1858 the due date of such return. Each ambulatory surgical center shall be  
1859 required to file such return electronically with the department and to  
1860 make payment of such tax by electronic funds transfer in the manner  
1861 provided by chapter 228g, regardless of whether such ambulatory  
1862 surgical center would have otherwise been required to file such return  
1863 electronically or to make such tax payment by electronic funds transfer  
1864 under the provisions of chapter 228g.

1865 (c) Whenever the tax imposed under this section is not paid when  
1866 due, a penalty of ten per cent of the amount due and unpaid or fifty  
1867 dollars, whichever is greater, shall be imposed and interest at the rate of  
1868 one per cent per month or fraction thereof shall accrue on such tax from

1869 the due date of such tax until the date of payment.

1870 (d) The provisions of sections 12-548, 12-550 to 12-554, inclusive, and  
1871 12-555a shall apply to the provisions of this section in the same manner  
1872 and with the same force and effect as if the language of said sections had  
1873 been incorporated in full into this section and had expressly referred to  
1874 the tax imposed under this section, except to the extent that any  
1875 provision is inconsistent with a provision in this section.

1876 (e) For the fiscal [year] years ending June 30, 2016, [and each fiscal  
1877 year thereafter] to June 30, 2021, inclusive, the Comptroller is authorized  
1878 to record as revenue for each fiscal year the amount of tax imposed  
1879 under the provisions of this section prior to the end of each fiscal year  
1880 and which tax is received by the Commissioner of Revenue Services not  
1881 later than five business days after the last day of July immediately  
1882 following the end of each fiscal year.

1883 Sec. 32. Subdivision (2) of subsection (a) of section 12-407 of the  
1884 general statutes is repealed and the following is substituted in lieu  
1885 thereof (*Effective July 1, 2021, and applicable to sales occurring on or after*  
1886 *July 1, 2021*):

1887 (2) "Sale" and "selling" mean and include:

1888 (A) Any transfer of title, exchange or barter, conditional or otherwise,  
1889 in any manner or by any means whatsoever, of tangible personal  
1890 property for a consideration;

1891 (B) Any withdrawal, except a withdrawal pursuant to a transaction  
1892 in foreign or interstate commerce, of tangible personal property from  
1893 the place where it is located for delivery to a point in this state for the  
1894 purpose of the transfer of title, exchange or barter, conditional or  
1895 otherwise, in any manner or by any means whatsoever, of the property  
1896 for a consideration;

1897 (C) The producing, fabricating, processing, printing or imprinting of  
1898 tangible personal property for a consideration for consumers who  
1899 furnish either directly or indirectly the materials used in the producing,

1900 fabricating, processing, printing or imprinting, including, but not  
1901 limited to, sign construction, photofinishing, duplicating and  
1902 photocopying;

1903 (D) The furnishing and distributing of tangible personal property for  
1904 a consideration by social clubs and fraternal organizations to their  
1905 members or others;

1906 (E) The furnishing, preparing, or serving for a consideration of food,  
1907 meals or drinks;

1908 (F) A transaction whereby the possession of property is transferred  
1909 but the seller retains the title as security for the payment of the price;

1910 (G) A transfer for a consideration of the title of tangible personal  
1911 property which has been produced, fabricated or printed to the special  
1912 order of the customer, or of any publication, including, but not limited  
1913 to, sign construction, photofinishing, duplicating and photocopying;

1914 (H) A transfer for a consideration of the occupancy of any room or  
1915 rooms in a hotel, lodging house or bed and breakfast establishment for  
1916 a period of thirty consecutive calendar days or less;

1917 (I) The rendering of certain services, as defined in subdivision (37) of  
1918 this subsection, for a consideration, exclusive of such services rendered  
1919 by an employee for the employer;

1920 (J) The leasing or rental of tangible personal property of any kind  
1921 whatsoever, including, but not limited to, motor vehicles, linen or  
1922 towels, machinery or apparatus, office equipment and data processing  
1923 equipment, provided for purposes of this subdivision and the  
1924 application of sales and use tax to contracts of lease or rental of tangible  
1925 personal property, the leasing or rental of any motion picture film by  
1926 the owner or operator of a motion picture theater for purposes of display  
1927 at such theater shall not constitute a sale within the meaning of this  
1928 subsection;

1929 (K) The rendering of telecommunications service, as defined in

1930 subdivision (26) of this subsection, for a consideration on or after  
1931 January 1, 1990, exclusive of any such service rendered by an employee  
1932 for the employer of such employee, subject to the provisions related to  
1933 telecommunications service in accordance with section 12-407a;

1934 (L) (i) The rendering of community antenna television service, as  
1935 defined in subdivision (27) of this subsection, for a consideration on or  
1936 after January 1, 1990, exclusive of any such service rendered by an  
1937 employee for the employer of such employee. For purposes of this  
1938 chapter, "community antenna television service" includes service  
1939 provided by a holder of a certificate of cable franchise authority  
1940 pursuant to section 16-331p, and service provided by a community  
1941 antenna television company issued a certificate of video franchise  
1942 authority pursuant to section 16-331e for any service area in which it  
1943 was not certified to provide community antenna television service  
1944 pursuant to section 16-331 on or before October 1, 2007;

1945 (ii) The rendering of certified competitive video service, as defined in  
1946 subdivision (38) of this subsection, for consideration on or after October  
1947 1, 2007, exclusive of any such service rendered by an employee for the  
1948 employer of such employee;

1949 (M) The transfer for consideration of space or the right to use any  
1950 space for the purpose of storage or mooring of any noncommercial  
1951 vessel, exclusive of dry or wet storage or mooring of such vessel during  
1952 the period commencing on the first day of October in any year to and  
1953 including the thirty-first day of May of the next succeeding year;

1954 (N) The sale for consideration of naming rights to any place of  
1955 amusement, entertainment or recreation within the meaning of  
1956 subdivision (3) of section 12-540;

1957 (O) The transfer for consideration of a prepaid telephone calling  
1958 service, as defined in subdivision (34) of this subsection, and the  
1959 recharge of a prepaid telephone calling service, provided, if the sale or  
1960 recharge of a prepaid telephone calling service does not take place at the  
1961 retailer's place of business and an item is shipped by the retailer to the

1962 customer, the sale or recharge shall be deemed to take place at the  
1963 customer's shipping address, but, if such sale or recharge does not take  
1964 place at the retailer's place of business and no item is shipped by the  
1965 retailer to the customer, the sale or recharge shall be deemed to take  
1966 place at the customer's billing address or the location associated with  
1967 the customer's mobile telephone number; [and]

1968 (P) The furnishing by any person, for a consideration, of space for  
1969 storage of tangible personal property when such person is engaged in  
1970 the business of furnishing such space, but "sale" and "selling" do not  
1971 mean or include the furnishing of space which is used by a person for  
1972 residential purposes. As used in this subparagraph, "space for storage"  
1973 means secure areas, such as rooms, units, compartments or containers,  
1974 whether accessible from outside or from within a building, that are  
1975 designated for the use of a customer, where the customer can store and  
1976 retrieve property, including self-storage units, mini-storage units and  
1977 areas by any other name to which the customer has either unlimited free  
1978 access or free access within reasonable business hours or upon  
1979 reasonable notice to the service provider to add or remove property, but  
1980 does not mean the rental of an entire building, such as a warehouse. For  
1981 purposes of this subparagraph, furnishing space for storage shall not  
1982 include general warehousing and storage, where the warehouse  
1983 typically handles, stores and retrieves a customer's property using the  
1984 warehouse's staff and equipment and does not allow the customer free  
1985 access to the storage space and shall not include accepting specific items  
1986 of property for storage, such as clothing at a dry cleaning establishment  
1987 or golf bags at a golf club; [.] and

1988 (Q) The rendering of an ambulatory surgical center service, as  
1989 defined in subdivision (45) of this subsection, by an ambulatory surgical  
1990 center, as defined in subdivision (44) of this subsection, for a  
1991 consideration, exclusive of such service rendered by an employee for the  
1992 employer of such employee, subject to the provisions related to  
1993 ambulatory surgical center services in accordance with this section and  
1994 section 12-408, as amended by this act.

1995 Sec. 33. Subsection (a) of section 12-407 of the general statutes is  
1996 amended by adding subdivisions (44) and (45) as follows (*Effective July*  
1997 *1, 2021, and applicable to sales occurring on or after July 1, 2021*):

1998 (NEW) (44) "Ambulatory surgical center" means any distinct entity  
1999 that (A) operates exclusively for the purpose of providing surgical  
2000 services to patients not requiring hospitalization and in which the  
2001 expected duration of services would not exceed twenty-four hours  
2002 following an admission, (B) has an agreement with the Centers for  
2003 Medicare and Medicaid Services to participate in Medicare as an  
2004 ambulatory surgical center, and (C) meets the general and specific  
2005 conditions for participation in Medicare set forth in 42 CFR Part 416,  
2006 Subparts B and C, as amended from time to time.

2007 (NEW) (45) (A) "Ambulatory surgical center service" means only  
2008 those procedures or services included in a facility fee payment to an  
2009 ambulatory surgical center facility associated with each surgical  
2010 procedure and that are not reimbursable ancillary or professional  
2011 procedures or services. "Ambulatory surgical center service" includes  
2012 facility services only and does not include surgical procedures,  
2013 physicians' services, anesthesiologists' services, radiology services,  
2014 diagnostic services or ambulance services, if such procedures or services  
2015 would be reimbursed as a separate line item from the facility fee  
2016 payment to an ambulatory surgical center facility.

2017 (B) For the purposes of the tax imposed under this chapter, "gross  
2018 receipts" means the amounts received, in cash or in kind, from patients,  
2019 third-party payers and others, including retroactive adjustments under  
2020 reimbursement agreements with third-party payers, for the rendering  
2021 of ambulatory surgical center services by an ambulatory surgical center.  
2022 "Gross receipts" does not include (i) amounts received by an ambulatory  
2023 surgical center that were or are subject to the tax imposed under section  
2024 12-263i of the general statutes, as amended by this act, (ii) the first one  
2025 million five hundred thousand dollars of gross receipts received during  
2026 each twelve-month period commencing July first, excluding Medicaid  
2027 and Medicare payments, by an ambulatory surgical center for the



2028 provision of ambulatory surgical center services, (iii) Medicaid or  
2029 Medicare payments received by the ambulatory surgical center for the  
2030 provision of ambulatory surgical center services, (iv) payer discounts,  
2031 charity care and bad debts, or (v) amounts received by an ambulatory  
2032 surgical center for tangible personal property used in connection with  
2033 the rendering of an ambulatory surgical center service, including  
2034 implants, devices, drugs and biologicals, regardless of the identity of the  
2035 payer for such ambulatory surgical center.

2036 (C) As used in this subdivision: (i) "Medicaid" means the program  
2037 operated by the Department of Social Services pursuant to section 17b-  
2038 260 and authorized by Title XIX of the Social Security Act, as amended  
2039 from time to time; (ii) "Medicare" means the program operated by the  
2040 Centers for Medicare and Medicaid Services in accordance with Title  
2041 XVIII of the Social Security Act, as amended from time to time,  
2042 including, but not limited to, programs established pursuant to Parts A,  
2043 B and C of Title XVIII of the Social Security Act, as amended from time  
2044 to time; (iii) "payer discount" means the difference between an  
2045 ambulatory surgical center's published charges and payments received  
2046 by such center from one or more third-party payers for a method of  
2047 payment that is different than or a rate that is reduced from the  
2048 published charges. "Payer discount" does not include charity care or bad  
2049 debts; and (iv) "charity care" means free or discounted health care  
2050 services rendered by an ambulatory surgical center to an individual  
2051 who cannot afford to pay for such services and includes, but is not  
2052 limited to, health care services provided to an uninsured patient who is  
2053 not expected to pay all or part of an ambulatory surgical center's bill  
2054 based on income guidelines and other financial criteria set forth in the  
2055 general statutes or in an ambulatory surgical center's charity care  
2056 policies on file at the office of such center. "Charity care" does not  
2057 include bad debts or payer discounts.

2058 Sec. 34. Subparagraph (J) of subdivision (1) of section 12-408 of the  
2059 general statutes is repealed and the following is substituted in lieu  
2060 thereof (*Effective July 1, 2021, and applicable to sales occurring on or after*  
2061 *July 1, 2021*):

2062 (J) (i) The rate of tax imposed by this chapter shall be applicable to all  
2063 retail sales upon the effective date of such rate, except that a new rate  
2064 that represents an increase in the rate applicable to the sale shall not  
2065 apply to any sales transaction wherein a binding sales contract without  
2066 an escalator clause has been entered into prior to the effective date of the  
2067 new rate and delivery is made within ninety days after the effective date  
2068 of the new rate.

2069 (ii) For the purposes of payment of the tax imposed under this  
2070 section, any retailer of services (I) taxable under subdivision (37) of  
2071 subsection (a) of section 12-407, who computes taxable income, for  
2072 purposes of taxation under the Internal Revenue Code of 1986, or any  
2073 subsequent corresponding internal revenue code of the United States,  
2074 as amended from time to time, on an accounting basis that recognizes  
2075 only cash or other valuable consideration actually received as income  
2076 and who is liable for such tax only due to the rendering of such services,  
2077 and (II) taxable under subparagraph (Q) of subdivision (2) of subsection  
2078 (a) of section 12-407, as amended this act, may make payments related  
2079 to such tax for the period during which such income is or gross receipts  
2080 are received, without penalty or interest, without regard to when such  
2081 service is rendered;

2082 Sec. 35. (NEW) *(Effective July 1, 2021, and applicable to sales occurring on*  
2083 *or after July 1, 2021)* (a) As used in this section:

2084 (1) "Ambulatory surgical center" has the same meaning as provided  
2085 in subsection (a) of section 12-407 of the general statutes, as amended by  
2086 this act;

2087 (2) "Ambulatory surgical center service" has the same meaning as  
2088 provided in subsection (a) of section 12-407 of the general statutes, as  
2089 amended by this act;

2090 (3) "Medicaid" has the same meaning as provided in subdivision (45)  
2091 of subsection (a) of section 12-407 of the general statutes, as amended by  
2092 this act;

2093 (4) "Medicaid investment" means an amount equal to the greater of  
2094 (A) fifty per cent of the aggregate amount of Medicaid payments  
2095 received during the applicable reporting period by an ambulatory  
2096 surgical center for the provision of ambulatory surgical center services,  
2097 or (B) fifty per cent of the aggregate amount of Medicaid payments that  
2098 would have been due and owing had services similar to the ambulatory  
2099 surgical center services provided by the ambulatory surgical center  
2100 during the applicable reporting period been performed by and at a  
2101 hospital instead; and

2102 (5) "State health plan investment" means an amount equal to twenty-  
2103 five per cent of the aggregate payments received from or on behalf of  
2104 each individual who is covered under a health plan pursuant to section  
2105 5-259 of the general statutes, during the applicable reporting period by  
2106 an ambulatory surgical center for the provision of ambulatory surgical  
2107 center services.

2108 (b) Each ambulatory surgical center shall be allowed, for each  
2109 reporting period, a credit against the tax imposed under chapter 219 of  
2110 the general statutes in the amount of the Medicaid investment plus the  
2111 state health plan investment. If the amount of the credit allowed  
2112 pursuant to this subsection exceeds the ambulatory surgical center's tax  
2113 liability for the tax imposed under chapter 219 of the general statutes for  
2114 the reporting period, the ambulatory surgical center shall file a claim for  
2115 refund, in such form and manner as prescribed by the Commissioner of  
2116 Revenue Services. Upon verification of the claim, the commissioner  
2117 shall treat such excess as an overpayment and shall refund the amount  
2118 of such excess to the ambulatory surgical center. There shall be added  
2119 to the amount of such refund interest at the rate of two-thirds of one per  
2120 cent for each month or fraction thereof that elapses between the  
2121 ninetieth day following receipt of such claim for refund by the  
2122 commissioner and the date of notice by the commissioner that such  
2123 refund is due. An ambulatory surgical center that claims a credit or  
2124 receives a refund under this subsection is entitled to retain such credit  
2125 or refund for its own account and is not required to refund or pay the  
2126 amount of such credit or refund to any user of or payer for ambulatory

2127 surgical center services.

2128 Sec. 36. Section 1-1j of the general statutes is repealed and the  
2129 following is substituted in lieu thereof (*Effective July 1, 2022*):

2130 (a) Each state agency, as defined in section 4-166, shall accept  
2131 payment in cash or by check, draft or money order for any license issued  
2132 by such agency pursuant to the provisions of the general statutes.

2133 (b) Except as [otherwise] provided by any other provision of the  
2134 general statutes, the Secretary of the Office of Policy and Management  
2135 may authorize any state agency [(1)] to accept payment of any fee, cost  
2136 or fine payable to such agency by means of a credit card, charge card or  
2137 debit card [,] or an electronic payment service, [and (2) to charge a  
2138 service fee for any such payment made by credit card, charge card or  
2139 debit card or an electronic payment service] provided each state agency  
2140 that accepts payment by means of a credit card, charge card or debit  
2141 card shall charge the payor using such card a service fee, except that  
2142 such service fee may be waived by such state agency for a category of  
2143 fee, cost or fine, if such waiver has been approved by said secretary.  
2144 [Such]

2145 (c) (1) Any service fee imposed pursuant to subsection (b) of this  
2146 section shall [be (A) related to] (A) be for the purpose of defraying the  
2147 cost of service, (B) [uniform for all credit cards, charge cards and debit  
2148 cards accepted] not exceed any charge by the credit card, charge card or  
2149 debit card issuer or processor, including any discount rate, and (C) be  
2150 applied only when allowed by the operating rules and regulations of the  
2151 credit card, charge card or debit card issuer or processor involved or  
2152 when authorized in writing by such issuer or processor.

2153 (2) Each state agency that charges a service fee pursuant to this  
2154 section or any other provision of the general statutes shall disclose such  
2155 service fee to a payor prior to the imposition of such service fee. Such  
2156 disclosure shall be made in accordance with any requirements for  
2157 disclosure set forth by the card issuer or processor.

2158       (d) Payments by credit card, charge card, debit card or an electronic  
2159 payment service shall be made at such times and under such conditions  
2160 as the secretary may prescribe in regulations adopted in accordance  
2161 with the provisions of chapter 54.

2162       (e) Payment of a fee, cost or fine, and any applicable service fee, by  
2163 credit card, charge card, debit card or an electronic payment service  
2164 shall constitute full payment of such fee, cost, fine or service fee,  
2165 regardless of any discount applied by a credit card company.

2166       Sec. 37. Subsection (g) of section 3-99a of the general statutes is  
2167 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
2168 *2022*):

2169       (g) The Secretary of the State may allow remittances to be in the form  
2170 of a credit card account number and an authorization to draw upon a  
2171 specified credit card account, at such time and under such conditions as  
2172 the Secretary may prescribe. Remittances in the form of an authorization  
2173 to draw upon a specified credit card account shall include an amount  
2174 for purposes of paying the discount rate associated with drawing upon  
2175 the credit card account, unless the remittances are drawn on an account  
2176 with a financial institution that agrees to add the number to the credit  
2177 card holder's billing, in which event the remittances drawn shall not  
2178 include an amount for purposes of paying the discount rate associated  
2179 with the drawing upon the credit card account.

2180       Sec. 38. Section 14-11i of the general statutes is repealed and the  
2181 following is substituted in lieu thereof (*Effective July 1, 2022*):

2182       The Commissioner of Motor Vehicles may allow the payment of any  
2183 fee specified in this chapter or chapter 247 by means of a credit card and  
2184 [may] shall charge each payor a service fee for any payment made by  
2185 means of a credit card. The fee shall not exceed any charge by the credit  
2186 card issuer or by its authorized agent, including any discount rate.  
2187 Payments by credit card shall be made under such conditions as the  
2188 commissioner may prescribe, except that the commissioner shall  
2189 determine the rate or amount of the service fee for any such credit card

2190 in accordance with subsection (c) of section 1-1j, as amended by this act.  
2191 Such service fee may be waived by the commissioner for a category of  
2192 fee if such waiver has been approved by the Secretary of the Office of  
2193 Policy and Management pursuant to subsection (b) of section 1-1j, as  
2194 amended by this act. If any charge with respect to payment of a fee by  
2195 means of a credit card is not authorized by such issuer or its authorized  
2196 agent, the commissioner shall assess the payor the fee specified in  
2197 subsection (f) of section 14-50.

2198 Sec. 39. Subsection (g) of section 19a-88 of the general statutes is  
2199 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
2200 *2022*):

2201 (g) (1) The Department of Public Health shall administer a secure on-  
2202 line license renewal system for persons holding a license to practice  
2203 medicine or surgery under chapter 370, dentistry under chapter 379,  
2204 nursing under chapter 378 or nurse-midwifery under chapter 377. The  
2205 department shall require such persons to renew their licenses using the  
2206 on-line renewal system and to pay professional services fees on-line by  
2207 means of a credit card or electronic transfer of funds from a bank or  
2208 credit union account, except in extenuating circumstances, including,  
2209 but not limited to, circumstances in which a licensee does not have  
2210 access to a credit card and submits a notarized affidavit affirming that  
2211 fact, the department may allow the licensee to renew his or her license  
2212 using a paper form prescribed by the department and pay professional  
2213 service fees by check or money order.

2214 (2) The department shall charge a service fee for each payment made  
2215 by means of a credit card. The Commissioner of Public Health shall  
2216 determine the rate or amount of the service fee for any such credit card  
2217 in accordance with subsection (c) of section 1-1j, as amended by this act.  
2218 Such service fee may be waived by the commissioner for a category of  
2219 fee if such waiver has been approved by the Secretary of the Office of  
2220 Policy and Management pursuant to subsection (b) of section 1-1j, as  
2221 amended by this act.

2222 Sec. 40. Section 45a-113b of the general statutes is repealed and the

2223 following is substituted in lieu thereof (*Effective July 1, 2022*):

2224 Each [court of probate] Probate Court may allow the payment of any  
2225 fees charged by such court by means of a credit card, charge card or  
2226 debit card. [and may] Such court shall charge the person making such  
2227 payment a service fee for any such payment made by means of any such  
2228 card. The fee shall not exceed any charge by the card issuer, including  
2229 any discount rate. The Probate Court Administrator shall determine the  
2230 rate or amount of the service fee for any such card in accordance with  
2231 subsection (c) of section 1-1j, as amended by this act.

2232 Sec. 41. Section 51-193b of the general statutes is repealed and the  
2233 following is substituted in lieu thereof (*Effective July 1, 2022*):

2234 Payment of any fees, costs, fines or other charges to the Judicial  
2235 Branch may be made by means of a credit card [,] and the payor [may]  
2236 shall be charged a service fee for any such payment made by means of  
2237 a credit card. The service fee shall not exceed any charge by the credit  
2238 card issuer, including any discount rate. Payments by credit card shall  
2239 be made at such time and under such conditions as the Office of the  
2240 Chief Court Administrator may prescribe, except that the Chief Court  
2241 Administrator shall determine the rate or amount of the service fee for  
2242 any such card in accordance with subsection (c) of section 1-1j, as  
2243 amended by this act.

2244 Sec. 42. (NEW) (*Effective from passage and applicable to calendar months*  
2245 *commencing on or after January 1, 2023*) (a) As used in this section:

2246 (1) "Carrier" means any person that operates or causes to be operated  
2247 on any highway in this state any eligible motor vehicle. "Carrier" does  
2248 not include the state, any political subdivision of the state, the United  
2249 States or the federal government;

2250 (2) "Commissioner" means the Commissioner of Revenue Services;

2251 (3) "Department" means the Department of Revenue Services;

2252 (4) "Eligible motor vehicle" means a motor vehicle, as defined in

2253 section 14-1 of the general statutes, that (A) has a gross weight of twenty-  
 2254 six thousand pounds or more, and (B) carries a classification between  
 2255 Class 8 and Class 13, inclusive, under the Federal Highway  
 2256 Administration vehicle classification system;

2257 (5) "Gross weight" has the same meaning as provided in section 14-1  
 2258 of the general statutes; and

2259 (6) "Highway" has the same meaning as provided in section 14-1 of  
 2260 the general statutes.

2261 (b) (1) For each calendar month commencing on or after January 1,  
 2262 2023, a tax is imposed on every carrier for the privilege of operating or  
 2263 causing to be operated an eligible motor vehicle on any highway of the  
 2264 state. Use of any such highway shall be measured by the number of  
 2265 miles traveled within the state by each eligible motor vehicle operated  
 2266 or caused to be operated by such carrier during each month. The amount  
 2267 of tax due from each carrier shall be determined in accordance with the  
 2268 provisions of subdivision (2) of this subsection.

2269 (2) Each carrier shall calculate the number of miles traveled by each  
 2270 eligible motor vehicle operated or caused to be operated by such carrier  
 2271 within the state during each month. The miles traveled within the state  
 2272 by each eligible motor vehicle shall be multiplied by the tax rate as  
 2273 follows, such rate to be based on the gross weight of each such vehicle:

T5	Gross Weight in Pounds	Rate in Dollars
T6	26,000-28,000	0.0250
T7	28,001-30,000	0.0279
T8	30,001-32,000	0.0308
T9	32,001-34,000	0.0337
T10	34,001-36,000	0.0365
T11	36,001-38,000	0.0394
T12	38,001-40,000	0.0423
T13	40,001-42,000	0.0452



T14	42,001-44,000	0.0481
T15	44,001-46,000	0.0510
T16	46,001-48,000	0.0538
T17	48,001-50,000	0.0567
T18	50,001-52,000	0.0596
T19	52,001-54,000	0.0625
T20	54,001-56,000	0.0654
T21	56,001-58,000	0.0683
T22	58,001-60,000	0.0712
T23	60,001-62,000	0.0740
T24	62,001-64,000	0.0769
T25	64,001-66,000	0.0798
T26	66,001-68,000	0.0827
T27	68,001-70,000	0.0856
T28	70,001-72,000	0.0885
T29	72,001-74,000	0.0913
T30	74,001-76,000	0.0942
T31	76,001-78,000	0.0971
T32	78,001-80,000	0.1000
T33	80,001 and over	0.1750

2274 (c) (1) Each carrier shall file with the commissioner, on or before the  
2275 last day of each month, a return for the calendar month immediately  
2276 preceding, in such form and containing such information as the  
2277 commissioner may prescribe. The return shall be accompanied by  
2278 payment of the amount of the tax shown to be due thereon. Each carrier  
2279 shall be required to file such return electronically with the department  
2280 and to make such payment by electronic funds transfer in the manner  
2281 provided by chapter 228g of the general statutes, irrespective of whether  
2282 the carrier would have otherwise been required to file such return  
2283 electronically or to make such payment by electronic funds transfer  
2284 under the provisions of said chapter.

2285       (2) Notwithstanding the provisions of subsection (a) of section 13b-  
2286 61 of the general statutes, the commissioner shall deposit into the Special  
2287 Transportation Fund established under section 13b-68 of the general  
2288 statutes the amounts received by the state from the tax imposed under  
2289 this section.

2290       (d) (1) Each carrier desiring to use any highway of the state on or after  
2291 January 1, 2023, shall file an application for a permit with the  
2292 commissioner, in such form and containing such information as the  
2293 commissioner may prescribe. No carrier may lawfully operate or cause  
2294 to be operated an eligible motor vehicle in the state on or after January  
2295 1, 2023, without obtaining a permit from the commissioner.

2296       (2) Upon receipt of a fully completed application from a carrier, the  
2297 commissioner shall grant and issue a permit to such carrier. Such permit  
2298 shall be valid only for the carrier to which it is issued and the eligible  
2299 motor vehicles such carrier operates or causes to be operated on the  
2300 highways of the state and shall not be assignable. The carrier shall  
2301 maintain a copy of the permit within each eligible motor vehicle that  
2302 such carrier operates or causes to be operated in the state.

2303       (e) (1) Whenever a carrier fails to comply with any provision of this  
2304 section, the commissioner shall order a hearing to be held, requiring  
2305 such carrier to show cause why such carrier's permit should not be  
2306 revoked or suspended. The commissioner shall provide at least ten days'  
2307 notice, in writing, to such carrier of the date, time and place of such  
2308 hearing and may serve such notice personally or by registered or  
2309 certified mail. If, after such hearing, the commissioner revokes or  
2310 suspends a permit, the commissioner shall not restore such permit to or  
2311 issue a new permit for such carrier unless the commissioner is satisfied  
2312 that the carrier will comply with the provisions of this section.

2313       (2) Whenever a carrier files returns for four successive monthly  
2314 periods showing that none of the eligible motor vehicles operated or  
2315 caused to be operated by such carrier used any highway of the state, the  
2316 commissioner shall order a hearing to be held, requiring such carrier to  
2317 show cause why such carrier's permit should not be cancelled. The

2318 commissioner shall provide at least thirty days' notice, in writing, to  
2319 such carrier of the date, time and place of such hearing and may serve  
2320 such notice personally or by registered or certified mail. If, after such  
2321 hearing, the commissioner cancels a permit, the commissioner shall not  
2322 issue a new permit for such carrier unless the commissioner is satisfied  
2323 that the carrier will make use of the highways of the state.

2324 (f) Each person, other than a carrier, who is required, on behalf of  
2325 such carrier, to collect, truthfully account for and pay over a tax imposed  
2326 on such carrier under this section and who wilfully fails to collect,  
2327 truthfully account for and pay over such tax or who wilfully attempts in  
2328 any manner to evade or defeat the tax or the payment thereof, shall, in  
2329 addition to other penalties provided by law, be liable for a penalty equal  
2330 to the total amount of the tax evaded, or not collected, or not accounted  
2331 for and paid over, including any penalty or interest attributable to such  
2332 wilful failure to collect or truthfully account for and pay over such tax  
2333 or such wilful attempt to evade or defeat such tax, provided such  
2334 penalty shall only be imposed against such person in the event that such  
2335 tax, penalty or interest cannot otherwise be collected from such carrier.  
2336 The amount of such penalty with respect to which a person may be  
2337 personally liable under this section shall be collected in accordance with  
2338 the provisions of subsection (n) of this section and any amount so  
2339 collected shall be allowed as a credit against the amount of such tax,  
2340 penalty or interest due and owing from the carrier. The dissolution of  
2341 the carrier shall not discharge any person in relation to any personal  
2342 liability under this section for wilful failure to collect or truthfully  
2343 account for and pay over such tax or for a wilful attempt to evade or  
2344 defeat such tax prior to dissolution, except as otherwise provided in this  
2345 section. For purposes of this subsection, "person" includes any  
2346 individual, corporation, limited liability company or partnership and  
2347 any officer or employee of any corporation, including a dissolved  
2348 corporation, and a member of or employee of any partnership or limited  
2349 liability company who, as such officer, employee or member, is under a  
2350 duty to file a tax return under this section on behalf of a carrier or to  
2351 collect or truthfully account for and pay over a tax imposed under this  
2352 section on behalf of such carrier.

2353 (g) (1) The commissioner may examine the records of any carrier  
2354 subject to a tax imposed under the provisions of this section as the  
2355 commissioner deems necessary. If the commissioner determines that  
2356 there is a deficiency with respect to the payment of any such tax due  
2357 under the provisions of this section, the commissioner shall assess or  
2358 reassess the deficiency in tax, give notice of such deficiency assessment  
2359 or reassessment to the taxpayer and make demand upon the taxpayer  
2360 for payment. Such amount shall bear interest at the rate of one per cent  
2361 per month or fraction thereof from the date when the original tax was  
2362 due and payable. When it appears that any part of the deficiency for  
2363 which a deficiency assessment is made is due to negligence or  
2364 intentional disregard of the provisions of this section or regulations  
2365 promulgated thereunder, there shall be imposed a penalty equal to ten  
2366 per cent of the amount of such deficiency assessment, or fifty dollars,  
2367 whichever is greater. When it appears that any part of the deficiency for  
2368 which a deficiency assessment is made is due to fraud or intent to evade  
2369 the provisions of this section or regulations promulgated thereunder,  
2370 there shall be imposed a penalty equal to twenty-five per cent of the  
2371 amount of such deficiency assessment. No taxpayer shall be subject to  
2372 more than one penalty under this subsection in relation to the same tax  
2373 period. Subject to the provisions of section 12-3a of the general statutes,  
2374 the commissioner may waive all or part of the penalties provided under  
2375 this section when it is proven to the commissioner's satisfaction that the  
2376 failure to pay any tax was due to reasonable cause and was not  
2377 intentional or due to neglect. Any decision rendered by any federal  
2378 court holding that a taxpayer has filed a fraudulent return with the  
2379 Director of Internal Revenue shall subject the taxpayer to the penalty  
2380 imposed by this section without the necessity of further proof thereof,  
2381 except when it can be shown that the return to the state so differed from  
2382 the return to the federal government as to afford a reasonable  
2383 presumption that the attempt to defraud did not extend to the return  
2384 filed with the state. Within thirty days of the mailing of such notice, the  
2385 taxpayer shall pay to the commissioner, in cash, or by check, draft or  
2386 money order drawn to the order of the Commissioner of Revenue  
2387 Services, any additional amount of tax, penalty and interest shown to be

2388 due.

2389 (2) Except in the case of a wilfully false or fraudulent return with  
2390 intent to evade the tax, no assessment of additional tax shall be made  
2391 after the expiration of more than three years from the date of the filing  
2392 of a return or from the original due date of a return, whichever is later.  
2393 If no return has been filed as provided under the provisions of this  
2394 section, the commissioner may make such return at any time thereafter,  
2395 according to the best information obtainable and according to the form  
2396 prescribed. To the tax imposed upon the basis of such return, there shall  
2397 be added an amount equal to ten per cent of such tax, or fifty dollars,  
2398 whichever is greater. The tax shall bear interest at the rate of one per  
2399 cent per month or fraction thereof from the due date of such tax to the  
2400 date of payment. Where, before the expiration of the period prescribed  
2401 herein for the assessment of an additional tax, a taxpayer has consented  
2402 in writing that such period may be extended, the amount of such  
2403 additional tax due may be determined at any time within such extended  
2404 period. The period so extended may be further extended by subsequent  
2405 consents in writing before the expiration of the extended period.

2406 (h) (1) Any carrier believing that it has overpaid any taxes due under  
2407 the provisions of this section may file a claim for refund in writing with  
2408 the commissioner within three years from the due date for which such  
2409 overpayment was made, stating the specific grounds upon which the  
2410 claim is founded. Failure to file a claim within the time prescribed in this  
2411 section constitutes a waiver of any demand against the state on account  
2412 of overpayment. The commissioner shall review such claim within a  
2413 reasonable time and, if the commissioner determines that a refund is  
2414 due, the commissioner shall credit the overpayment against any amount  
2415 then due and payable from the carrier under this section or any  
2416 provision of the general statutes and shall refund any balance  
2417 remaining. The commissioner shall notify the Comptroller of the  
2418 amount of such refund and the Comptroller shall draw an order on the  
2419 Treasurer in the amount thereof for payment to such carrier. If the  
2420 commissioner determines that such claim is not valid, either in whole or  
2421 in part, the commissioner shall mail notice of the proposed disallowance

2422 to the claimant, which notice shall set forth briefly the commissioner's  
2423 findings of fact and the basis of disallowance in each case decided in  
2424 whole or in part adversely to the claimant. Sixty days after the date on  
2425 which it is mailed, a notice of proposed disallowance shall constitute a  
2426 final disallowance except only for such amounts as to which the  
2427 taxpayer filed, as provided in subdivision (2) of this subsection, a  
2428 written protest with the commissioner.

2429 (2) On or before the sixtieth day after the mailing of the proposed  
2430 disallowance, the claimant may file with the commissioner a written  
2431 protest against the proposed disallowance in which the claimant shall  
2432 set forth the grounds on which the protest is based. If a protest is filed,  
2433 the commissioner shall reconsider the proposed disallowance and, if the  
2434 claimant has so requested, may grant or deny the claimant or the  
2435 claimant's authorized representatives an oral hearing.

2436 (3) The commissioner shall mail notice of the commissioner's  
2437 determination to the claimant, which notice shall set forth briefly the  
2438 commissioner's findings of fact and the basis of decision in each case  
2439 decided in whole or in part adversely to the claimant.

2440 (4) The action of the commissioner on the claimant's protest shall be  
2441 final upon the expiration of thirty days from the date on which the  
2442 commissioner mails notice of the commissioner's action to the claimant  
2443 unless within such period the claimant seeks judicial review of the  
2444 commissioner's determination pursuant to subsection (l) of this section.

2445 (i) (1) Any person required under this section or regulations adopted  
2446 thereunder to pay any tax, make a return, keep any record or supply  
2447 any information, who wilfully fails to pay such tax, make such return,  
2448 keep such records or supply such information, at the time required by  
2449 law, shall, in addition to any other penalty provided by law, be fined  
2450 not more than one thousand dollars or imprisoned not more than one  
2451 year, or both. Notwithstanding the provisions of section 54-193 of the  
2452 general statutes, no person shall be prosecuted for a violation of the  
2453 provisions of this subsection committed on or after January 1, 2023,  
2454 except within three years next after such violation has been committed.

2455 As used in this subsection, "person" includes any officer or employee of  
2456 a corporation or a member or employee of a partnership under a duty  
2457 to pay such tax, make such return, keep such records or supply such  
2458 information.

2459 (2) Any person who wilfully delivers or discloses to the commissioner  
2460 or the commissioner's authorized agent any list, return, account,  
2461 statement or other document, known by such person to be fraudulent  
2462 or false in any material matter, shall, in addition to any other penalty  
2463 provided by law, be guilty of a class D felony. No person shall be  
2464 charged with an offense under both subdivision (1) of this subsection  
2465 and this subdivision in relation to the same tax period but such person  
2466 may be charged and prosecuted for both such offenses upon the same  
2467 information.

2468 (j) (1) Each carrier shall keep such records, receipts, invoices and other  
2469 pertinent papers in such form as the commissioner requires.

2470 (2) In addition to the requirements set forth under subdivision (1) of  
2471 this subsection, each carrier shall maintain, on a monthly basis, a list of  
2472 all the eligible motor vehicles that such carrier operates or causes to  
2473 operate on a highway in the state during such month. All such lists shall  
2474 be maintained by the carrier for not less than four years after the date of  
2475 each such month and shall be made available to the commissioner upon  
2476 request.

2477 (3) The commissioner or the commissioner's authorized agent may  
2478 examine the records, receipts, invoices, other pertinent papers and  
2479 equipment of any person liable under the provisions of this section and  
2480 may investigate the character of the business of such person to verify  
2481 the accuracy of any return made or, if no return is made by such person,  
2482 to ascertain and determine the amount required to be paid.

2483 (k) Any carrier that is aggrieved by the action of the commissioner or  
2484 an authorized agent of the commissioner in fixing the amount of any  
2485 tax, penalty or interest under this section may apply to the  
2486 commissioner, in writing, not later than sixty days after the notice of

2487 such action is delivered or mailed to such carrier, for a hearing and a  
2488 correction of the amount of such tax, penalty or interest, setting forth the  
2489 reasons why such hearing should be granted and the amount by which  
2490 such tax, penalty or interest should be reduced. The commissioner shall  
2491 promptly consider each such application and may grant or deny the  
2492 hearing requested. If the hearing request is denied, the carrier shall be  
2493 notified forthwith. If the hearing request is granted, the commissioner  
2494 shall notify the carrier of the date, time and place for such hearing. After  
2495 such hearing, the commissioner may make such order as appears just  
2496 and lawful to the commissioner and shall furnish a copy of such order  
2497 to the carrier. The commissioner may, by notice in writing, order a  
2498 hearing on the commissioner's own initiative and require a carrier or  
2499 any other individual who the commissioner believes to be in possession  
2500 of relevant information concerning such carrier to appear before the  
2501 commissioner or the commissioner's authorized agent with any  
2502 specified books of account, papers or other documents, for examination  
2503 under oath.

2504 (l) Any carrier that is aggrieved because of any order, decision,  
2505 determination or disallowance the commissioner made under  
2506 subsection (h) or (k) of this section may, not later than thirty days after  
2507 service of notice of such order, decision, determination or disallowance,  
2508 take an appeal therefrom to the superior court for the judicial district of  
2509 New Britain, which appeal shall be accompanied by a citation to the  
2510 commissioner to appear before said court. Such citation shall be signed  
2511 by the same authority and such appeal shall be returnable at the same  
2512 time and served and returned in the same manner as is required in the  
2513 case of a summons in a civil action. The authority issuing the citation  
2514 shall take from the appellant a bond or recognizance to the state of  
2515 Connecticut, with surety, to prosecute the appeal to effect and to comply  
2516 with the orders and decrees of the court in the premises. Such appeals  
2517 shall be preferred cases, to be heard, unless cause appears to the  
2518 contrary, at the first session, by the court or by a committee appointed  
2519 by the court. Said court may grant such relief as may be equitable and,  
2520 if such tax has been paid prior to the granting of such relief, may order  
2521 the Treasurer to pay the amount of such relief. If the appeal has been



2522 taken without probable cause, the court may tax double or triple costs,  
2523 as the case demands and, upon all such appeals that are denied, costs  
2524 may be taxed against such carrier at the discretion of the court but no  
2525 costs shall be taxed against the state.

2526 (m) The commissioner and any agent of the commissioner duly  
2527 authorized to conduct any inquiry, investigation or hearing pursuant to  
2528 this section shall have power to administer oaths and take testimony  
2529 under oath relative to the matter of inquiry or investigation. At any  
2530 hearing ordered by the commissioner, the commissioner or the  
2531 commissioner's agent authorized to conduct such hearing and having  
2532 authority by law to issue such process may subpoena witnesses and  
2533 require the production of books, papers and documents pertinent to  
2534 such inquiry or investigation. No witness under subpoena authorized  
2535 to be issued under the provisions of this section shall be excused from  
2536 testifying or from producing books, papers or documentary evidence on  
2537 the ground that such testimony or the production of such books, papers  
2538 or documentary evidence would tend to incriminate such witness, but  
2539 such books, papers or documentary evidence so produced shall not be  
2540 used in any criminal proceeding against such witness. If any person  
2541 disobeys such process or, having appeared in obedience thereto, refuses  
2542 to answer any pertinent question put to such person by the  
2543 commissioner or the commissioner's authorized agent, or to produce  
2544 any books, papers or other documentary evidence pursuant thereto, the  
2545 commissioner or such agent may apply to the superior court of the  
2546 judicial district wherein the carrier has a business address or wherein  
2547 the carrier's business has been conducted, or to any judge of such court  
2548 if the same is not in session, setting forth such disobedience to process  
2549 or refusal to answer, and such court or such judge shall cite such person  
2550 to appear before such court or such judge to answer such question or to  
2551 produce such books, papers or other documentary evidence and, upon  
2552 such person's refusal so to do, shall commit such person to a community  
2553 correctional center until such person testifies, but not for a period longer  
2554 than sixty days. Notwithstanding the serving of the term of such  
2555 commitment by any person, the commissioner may proceed in all  
2556 respects with such inquiry and examination as if the witness had not

2557 previously been called upon to testify. Officers who serve subpoenas  
2558 issued by the commissioner or under the commissioner's authority and  
2559 witnesses attending hearings conducted by the commissioner pursuant  
2560 to this section shall receive fees and compensation at the same rates as  
2561 officers and witnesses in the courts of this state, to be paid on vouchers  
2562 of the commissioner on order of the Comptroller from the proper  
2563 appropriation for the administration of this section.

2564       (n) The amount of any tax, penalty or interest due and unpaid under  
2565 the provisions of this section may be collected under the provisions of  
2566 section 12-35 of the general statutes. The warrant provided under said  
2567 section shall be signed by the commissioner or the commissioner's  
2568 authorized agent. The amount of any such tax, penalty and interest shall  
2569 be a lien on the real estate of the carrier from the last day of the month  
2570 next preceding the due date of such civil penalty until such civil penalty  
2571 is paid. The commissioner may record such lien in the records of any  
2572 town in which the real estate of such carrier is situated but no such lien  
2573 shall be enforceable against a bona fide purchaser or qualified  
2574 encumbrancer of such real estate. When any tax with respect to which a  
2575 lien has been recorded under the provisions of this subsection has been  
2576 satisfied, the commissioner shall, upon request of any interested party,  
2577 issue a certificate discharging such lien, which certificate shall be  
2578 recorded in the same office in which the lien was recorded. Any action  
2579 for the foreclosure of such lien shall be brought by the Attorney General  
2580 in the name of the state in the superior court for the judicial district in  
2581 which the real estate subject to such lien is situated, or, if such real estate  
2582 is located in two or more judicial districts, in the superior court for any  
2583 one such judicial district, and the court may limit the time for  
2584 redemption or order the sale of such real estate or pass such other or  
2585 further decree as it judges equitable.

2586       (o) No tax credit or credits shall be allowable against the tax imposed  
2587 under this section.

2588       (p) Any person who knowingly violates any provision of this section  
2589 for which no other penalty is provided shall be fined one thousand

2590 dollars.

2591 (q) The commissioner may adopt regulations, in accordance with the  
2592 provisions of chapter 54 of the general statutes, to implement the  
2593 provisions of this section.

2594 (r) At the close of each fiscal year, commencing with the fiscal year  
2595 ending June 30, 2023, in which the tax imposed under the provisions of  
2596 this section is received by the commissioner, the Comptroller is  
2597 authorized to record as revenue for such fiscal year the amount of such  
2598 tax that is received by the commissioner not later than five business days  
2599 from the July thirty-first immediately following the end of such fiscal  
2600 year.

2601 Sec. 43. (*Effective from passage*) (a) As used in this section:

2602 (1) "Person" has the same meaning as provided in section 12-1 of the  
2603 general statutes;

2604 (2) "Affected taxable period" means any taxable period ending on or  
2605 before December 30, 2020;

2606 (3) "Affected person" means a person owing any tax for an affected  
2607 taxable period;

2608 (4) "Tax" means any tax imposed by any law of this state and required  
2609 to be collected by the department, other than the tax imposed under  
2610 chapter 222 of the general statutes on any licensee, as defined in  
2611 subdivision (1) of subsection (c) of section 12-486 of the general statutes;

2612 (5) "Commissioner" means the Commissioner of Revenue Services;  
2613 and

2614 (6) "Department" means the Department of Revenue Services.

2615 (b) (1) The commissioner shall establish a tax amnesty program for  
2616 persons owing any tax for any affected taxable period. The tax amnesty  
2617 program shall be conducted during the period from November 1, 2021,  
2618 to January 31, 2022, inclusive.

2619       (2) An amnesty application shall be prepared by the commissioner  
2620 that shall provide for specification by the affected person of the tax and  
2621 the affected taxable period for which amnesty is being sought under the  
2622 tax amnesty program. The commissioner may require that such amnesty  
2623 applications be filed electronically and that the amounts associated with  
2624 such applications be paid electronically.

2625       (3) Any affected person who files an amnesty application shall,  
2626 subject to review of such application by the commissioner, be eligible  
2627 for a reduction of interest due on the amount of tax owed by such person  
2628 for an affected taxable period. Upon compliance with all requirements  
2629 of the tax amnesty program under this section, an affected person whose  
2630 application is granted by the commissioner shall be entitled to a  
2631 seventy-five per cent reduction in interest that would otherwise be  
2632 owed on the tax such person owes for the affected taxable period.

2633       (4) The tax amnesty program shall provide that, upon the filing of an  
2634 amnesty application by an affected person and payment by such person  
2635 of the tax and interest determined to be due by the commissioner from  
2636 such person for an affected taxable period, the commissioner shall not  
2637 seek to collect any civil penalties that may be applicable and shall not  
2638 seek criminal prosecution for any affected person for an affected taxable  
2639 period for which amnesty has been granted.

2640       (5) An amnesty application, if filed by an affected person and if  
2641 granted by the commissioner, shall constitute an express and absolute  
2642 relinquishment by the affected person of all of the affected person's  
2643 administrative and judicial rights of appeal that have not run or  
2644 otherwise expired as of the date payment is made for an affected taxable  
2645 period, and no payment made by an affected person pursuant to this  
2646 section for an affected taxable period shall be refunded or credited to  
2647 such person. The commissioner shall not consider any request to  
2648 exercise the authority granted to the commissioner under section 12-39s  
2649 of the general statutes in connection with any amnesty application  
2650 granted by the commissioner under this section.

2651       (6) Each affected person who files an amnesty application during the

2652 period the tax amnesty program under this section is conducted shall  
2653 pay all amounts due to the state under such program with such  
2654 application. Any person who fails to pay all such amounts due shall be  
2655 ineligible for amnesty under such program.

2656 (7) No amnesty application shall be accepted for an affected taxable  
2657 period in which the liability for such period has already been paid,  
2658 unless such application is filed to report an additional amount of tax for  
2659 such period. In no event shall an amnesty application result in a refund  
2660 or credit of any amount of tax, penalty or interest previously paid.

2661 (c) Amnesty shall not be granted pursuant to subsection (b) of this  
2662 section to any affected person who (1) is a party to any criminal  
2663 investigation or to any criminal litigation that is pending on July 1, 2021,  
2664 in any court of the United States or this state, (2) is a party to a closing  
2665 agreement with the commissioner, (3) has made an offer of compromise  
2666 that has been accepted by the commissioner, or (4) is a party to a  
2667 managed audit agreement.

2668 (d) The provisions of subsection (d) of section 12-35i of the general  
2669 statutes shall not apply to an affected taxable period that ends on or  
2670 before November 30, 2012, for which no return has been previously  
2671 filed, if such period is the subject of or included in any amnesty  
2672 application granted by the commissioner under this section, provided  
2673 the affected person pays all amounts due to the state in connection with  
2674 such application in accordance with the provisions of subdivision (6) of  
2675 subsection (b) of this section.

2676 (e) Any person who wilfully delivers or discloses to the commissioner  
2677 or the commissioner's authorized agent any application, list return,  
2678 account, statement or other document, known by such person to be  
2679 fraudulent or false in any material matter, shall be ineligible for the tax  
2680 amnesty program under this section and may, in addition to any other  
2681 penalty provided by law, be fined not more than five thousand dollars  
2682 or imprisoned not more than five years nor less than one year, or both.

2683 (f) Notwithstanding any provision of the general statutes, the

2684 commissioner may do all things necessary to provide for the timely  
2685 implementation of this section.

2686       Sec. 44. (*Effective from passage*) The Comptroller shall transfer from the  
2687 General Fund to the Tourism Fund established under section 10-395b of  
2688 the general statutes: (1) For the fiscal year ending June 30, 2021, nine  
2689 million eight hundred thousand dollars; and (2) for the fiscal year  
2690 ending June 30, 2022, three million one hundred thousand dollars.

2691       Sec. 45. (*Effective from passage*) For the fiscal years ending June 30,  
2692 2022, and June 30, 2023, the amount deemed appropriated pursuant to  
2693 sections 3-20i and 3-115b of the general statutes in each of said fiscal  
2694 years shall be one dollar.

2695       Sec. 46. (*Effective from passage*) Not later than June 30, 2021, the  
2696 Comptroller shall designate two hundred thirty-five million dollars of  
2697 the resources of the General Fund for the fiscal year ending June 30,  
2698 2021, to be accounted for as revenue of the General Fund as follows: One  
2699 hundred seventeen million five hundred thousand dollars for the fiscal  
2700 year ending June 30, 2022, and one hundred seventeen million five  
2701 hundred thousand dollars for the fiscal year ending June 30, 2023.

2702       Sec. 47. (*Effective from passage*) The Comptroller shall transfer from the  
2703 Budget Reserve Fund: (1) On July 1, 2021, eight hundred ninety million  
2704 dollars, to be credited to the resources of the General Fund and used as  
2705 revenue for the fiscal year ending June 30, 2022; and (2) on July 1, 2022,  
2706 nine hundred ninety-five million dollars, to be credited to the resources  
2707 of the General Fund and used as revenue for the fiscal year ending June  
2708 30, 2023. The amount of a transfer set forth in this section shall be  
2709 reduced by the amount of any federal aid received by the state that is  
2710 used to reduce state budgetary requirements for such fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Sec. 2	<i>January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	12-701(a)(20)(B)
Sec. 3	<i>January 1, 2022, and applicable to taxable years commencing on or after January 1, 2022</i>	New section
Sec. 4	<i>January 1, 2022</i>	New section
Sec. 5	<i>July 1, 2021, and applicable to taxable years commencing on or after January 1, 2021</i>	12-704e
Sec. 6	<i>July 1, 2021, and applicable to the estates of decedents dying on or after January 1, 2021</i>	12-391(i)
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	12-806(b)(4)
Sec. 9	<i>from passage</i>	12-806(b)(13)
Sec. 10	<i>from passage</i>	12-810
Sec. 11	<i>from passage</i>	52-553
Sec. 12	<i>from passage</i>	52-554
Sec. 13	<i>July 1, 2021</i>	New section
Sec. 14	<i>from passage</i>	12-214(b)(8)
Sec. 15	<i>from passage</i>	12-219(b)(8)
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>from passage and applicable to income years commencing on or after January 1, 2021</i>	12-217zz(a)
Sec. 18	<i>July 1, 2021</i>	38a-88a(d) and (e)
Sec. 19	<i>January 1, 2022</i>	12-217jj
Sec. 20	<i>June 30, 2021</i>	12-541
Sec. 21	<i>July 1, 2021</i>	12-7b(a)
Sec. 22	<i>July 1, 2021</i>	32-285(a)
Sec. 23	<i>July 1, 2021</i>	32-285(f)(2)
Sec. 24	<i>July 1, 2021</i>	32-656(i)
Sec. 25	<i>January 1, 2022</i>	New section
Sec. 26	<i>January 1, 2022</i>	12-701(a)(20)(B)
Sec. 27	<i>January 1, 2022</i>	New section

Sec. 28	<i>from passage and applicable to taxable years commencing on or after January 1, 2021</i>	12-704c(b)(2)
Sec. 29	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-412
Sec. 30	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	New section
Sec. 31	<i>June 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2020</i>	12-263i
Sec. 32	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-407(a)(2)
Sec. 33	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-407(a)
Sec. 34	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-408(1)(J)
Sec. 35	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	New section
Sec. 36	<i>July 1, 2022</i>	1-1j
Sec. 37	<i>July 1, 2022</i>	3-99a(g)
Sec. 38	<i>July 1, 2022</i>	14-11i
Sec. 39	<i>July 1, 2022</i>	19a-88(g)
Sec. 40	<i>July 1, 2022</i>	45a-113b
Sec. 41	<i>July 1, 2022</i>	51-193b
Sec. 42	<i>from passage and applicable to calendar months commencing on or after January 1, 2023</i>	New section
Sec. 43	<i>from passage</i>	New section



Sec. 44	<i>from passage</i>	New section
Sec. 45	<i>from passage</i>	New section
Sec. 46	<i>from passage</i>	New section
Sec. 47	<i>from passage</i>	New section

**FIN**      *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## OFA Fiscal Note

### State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Various	Various - See Below	See Below	See Below

Note: Various=Various

### Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
All Municipalities	STATE MANDATE <sup>1</sup> - See Below	See Below	See Below

## Explanation

The bill makes changes to state tax and revenue policies and establishes the "Connecticut Equitable Investment Fund." Summary and detailed table of changes are provided below, along with additional information and estimates for certain aspects of the bill.

**Table 1. Summary Revenue Changes by Fund in millions**

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
General Fund	(244.8)	1,291.2	1,371.7	(50.6)	(60.9)	(85.1)
CT Equitable Investment Fund	-	(99.1)	593.2	622.6	655.2	676.3
Special Transportation Fund	-	-	47.5	92.5	96.6	100.8
Tourism Fund	9.8	3.1	-	-	-	-
<b>GRAND Total</b>	<b>(235.0)</b>	<b>1,195.2</b>	<b>2,012.4</b>	<b>664.5</b>	<b>690.9</b>	<b>692.0</b>

<sup>1</sup> State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

Table 2. Summary Revenue Changes by Type and Fund in millions

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
<b>Tax Changes</b>						
General Fund	-	161.7	175.6	(19.1)	(29.4)	(53.6)
CT Equitable Investment Fund	-	(134.6)	525.4	535.2	545.0	554.8
Special Transportation Fund	-	-	45.0	90.0	94.1	98.3
<b>Subtotal</b>	-	27.1	746.0	606.1	609.7	599.5
<b>Fees</b>						
General Fund	-	-	2.5	2.5	2.5	2.5
Special Transportation Fund	-	-	2.5	2.5	2.5	2.5
<b>Subtotal</b>	-	-	5.0	5.0	5.0	5.0
<b>Tax Amnesty</b>						
General Fund	-	40.0	(4.0)	-	-	-
<b>Gaming authorized in the bill - online lottery draw</b>						
CT Equitable Investment Fund	-	2.0	3.0	7.5	12.5	17.5
<b>Other potential revenue sources designated to the CEIF</b>	-	33.5	64.8	79.9	97.7	104.0
<b>Transfers</b>						
General Fund	(244.8)	1,089.5	1,197.6	(34.0)	(34.0)	(34.0)
Tourism Fund	9.8	3.1	-	-	-	-
<b>Subtotal</b>	(235.0)	1,092.6	1,197.6	(34.0)	(34.0)	(34.0)
<b>GRAND Total</b>	(235.0)	1,195.2	2,012.4	664.5	690.9	692.0

Table 3. Policy Estimates by Section in millions

Section #s	Policy	Fund	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
1, 2	NEW voluntary wage compensation tax program - target revenues	CEIF	-	-	50.0	50.0	50.0	50.0
1, 2	NEW voluntary wage compensation tax program - target revenues	GF	-	-	(50.0)	(50.0)	(50.0)	(50.0)
3	NEW consumption tax	CEIF	-	-	500.0	500.0	500.0	500.0
4	NEW digital advertising services tax	CEIF	-	75.0	162.0	175.0	188.0	201.0
5	Adjust EITC rate	CEIF	-	(76.9)	(76.9)	(76.9)	(76.9)	(76.9)
5	Shift existing EITC to the equitable investment fund	CEIF	-	(132.7)	(109.7)	(112.9)	(116.1)	(119.3)
5	Shift existing EITC to the equitable investment fund	GF	-	132.7	109.7	112.9	116.1	119.3
7-12	Require the CT Lottery Corp to establish online lottery draw games	CEIF	-	2.0	3.0	7.5	12.5	17.5
13	Designate revenues from other types of online wagering (if approved) to the CEIF	CEIF	-	28.5	33.4	38.0	33.0	37.7
13	Designate state tax revenues from legalized adult-use cannabis (if approved) to the CEIF	CEIF	-	5.0	31.4	41.9	64.7	66.3
14-16	Maintain the 10% Corporate Tax Surcharge	GF	-	80.0	50.0	50.0	50.0	50.0
17	Restore the R&D Tax Credit to 70% of liability	GF	-	(31.4)	(21.5)	(21.5)	(21.5)	(21.5)

Table 3. Policy Estimates by Section in millions								
Section #s	Policy	Fund	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
18	Raise the aggregate cap on the Insurance Reinvestment Fund by \$200m	GF	-	-	-	-	-	(20.0)
19	Expand potential use of the Film Production Tax credit (at a discount)	GF	-	0.8	1.6	1.6	1.6	1.6
20-24	Eliminate admissions tax	GF	-	(17.0)	(17.0)	(17.0)	(17.0)	(17.0)
25	Establish a state child tax credit	GF	-	-	(150.0)	(300.0)	(300.0)	(300.0)
26	Extend existing tax exemption for pensions/annuities to IRAs	GF	-	-	(55.3)	(50.2)	(63.7)	(71.1)
27	Impose a surcharge on capital gains	GF	-	-	262.0	262.0	262.0	262.0
28	Maintain current eligibility on the Property Tax Credit	GF	-	53.0	53.0	-	-	-
29	Exempt breast feeding supplies from sales tax	GF	-	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
29	Exempt breast feeding supplies from sales tax *	MRSA	-	-	-	-	-	-
29	Exempt breast feeding supplies from sales tax *	STF	-	-	-	-	-	-
30	Provide that restaurants retain the 1% 'meals tax' revenue in FY 22	GF	-	(49.5)	-	-	-	-
31-35	Adjust Ambulatory Surgical Center Tax	GF	-	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)
36-41	Impose Convenience Fee for Credit/Debit Card Use	GF	-	-	2.5	2.5	2.5	2.5
36-41	Impose Convenience Fee for Credit/Debit Card Use	STF	-	-	2.5	2.5	2.5	2.5
42	Implement Highway Use Tax	STF	-	-	45.0	90.0	94.1	98.3
43	Implement a (DRS) Tax Amnesty Program	GF	-	40.0	(4.0)	-	-	-
44	Transfer to the Tourism Fund	Tour	9.8	3.1	-	-	-	-
44	Transfer to the Tourism Fund	GF	(9.8)	(3.1)	-	-	-	-
45	Delay GAAP Deficit Payment to FY 2024	GF	-	85.1	85.1	(34.0)	(34.0)	(34.0)
46	Transfer FY 21 General Fund surplus	GF	(235.0)	117.5	117.5	-	-	-
47	Federal Stimulus/Transfer from Budget Reserve Fund	GF	-	890.0	995.0	-	-	-
	<b>GRAND Total</b>		<b>(235.0)</b>	<b>1,195.2</b>	<b>2,012.4</b>	<b>664.5</b>	<b>690.9</b>	<b>692.0</b>
* Est. annual revenue loss for each fund is \$39,000 (STF and MRSA receive a share of the 6.35% Sales Tax)								

**Sections 1 & 2** effectively allow certain employees or contractors to shift their state income tax burden to employers, beginning in calendar year 2022. It is unknown to what extent employers would adjust future compensation levels in response to any such shift. The potential for employers to adjust future compensation levels would be limited by collective bargaining agreements and competition within some industries/job categories. Most state and municipal employees are compensated according to collective bargaining agreements. To the extent these employees choose to participate in the program there would be a cost equal to 5% of wages paid to the state and

municipalities. For illustrative purposes, the state and local payroll for unionized employees is approximately \$4 billion and \$8.6 billion, respectively. If all these employees participated in the program, there would be a cost of \$200 million and \$430 million to the state and municipalities, respectively.

The bill designates any revenue collected under the Voluntary Wage Compensation Tax to the newly established Equitable Investment Fund, with the General Fund absorbing the negative revenue impact of resulting credits against the state income tax.<sup>2</sup> The preliminary fiscal note on the bill reflected a \$50 million revenue target in FY 23 to the Equitable Investment Fund due to the new Voluntary Wage Compensation Tax, which (if achieved) would reduce General Fund revenue by an approximately equivalent amount.

There is a potential net revenue loss and a potential net revenue gain to the two funds depending on the behavior of taxpayers who choose to take part in the program. The potential revenue loss is from participants whose income is reduced or who forgo an increase in income as a result of the program.<sup>3</sup> The potential revenue gain is from participants who are able to keep their income relatively flat or maintain scheduled increases.<sup>4</sup>

**Section 6** expands the existing estate tax reduction for decedents that made qualifying investments during their lifetimes. This could result in a significant, future state revenue loss to the extent that participation in the new program reduces tax liabilities under the estate tax.

**Section 13** establishes the Connecticut Equitable Investment Fund

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<sup>2</sup> Under the bill, participating employees and contractors would continue to be subject to the state income tax but with a credit equal to 95% of the new Voluntary Wage Compensation Tax paid by their employer.

<sup>3</sup> The revenue loss is relatively small per participant, typically less than \$100 per tax filer.

<sup>4</sup> The potential revenue gain is a result of the state benefiting from providing a credit for payroll taxes paid of 95% (rather than 100%) which is worth .0025% of a participant's income. For an average tax payer making \$75,000 the benefit would be approximately \$188 per tax filer.

(CEIF) as a permanent investment fund to receive, invest, and distribute specified tax revenue, including revenue from new taxes established in the bill (consumption tax, voluntary wage compensation tax, digital advertising services tax) as well as revenues potentially generated via other bills authorizing adult-use cannabis and online gaming. Under **Section 5** of the bill, the state Earned Income Tax Credit (EITC) is to be funded through the CEIF at a rate equal to 40% of the federal EITC level.

Costs to implement the tax provisions of the bill are estimated to total approximately \$2.5 million in FY 22 and \$1.9 million in FY 23. This includes \$768,722 in FY 22 and \$1.4 million in FY 23 in salary and fringe benefits costs for Revenue Agents, Revenue Examiners, and a Tax Appellate Officer, as well as one-time costs totaling \$1.7 million in FY 22 and \$500,000 in FY 23 for new tax type programming and information technology costs, after which the only ongoing costs would be for personnel. The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

### ***The Out Years***

Outyear impacts identified above.

**OLR Bill Analysis****sHB 6443****AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.**

## TABLE OF CONTENTS:

[FILE NO. 638](#)[SUMMARY](#)[§§ 1 & 2 — VOLUNTARY WAGE COMPENSATION TAX PROGRAM](#)

*Establishes a new voluntary wage compensation tax program under which eligible employees and vendors may elect to have employers pay a 5% tax on their respective wages or compensation; allows (1) electing employees and vendors to claim a refundable credit against their personal income tax equal to 95% of the taxes paid by the employer and (2) electing employees to deduct Roth IRA contributions made during applicable tax years; directs the revenue from the tax to the Connecticut Equitable Investment Fund established under the bill (§ 13)*

[§ 3 — CONSUMPTION TAX](#)

*Establishes a new consumption tax on state residents with federal AGIs of \$500,000 or more, ranging from 0.7% to 1.5% of their federal AGI; directs the revenue from the tax to the Connecticut Equitable Investment Fund*

[§ 4 — DIGITAL ADVERTISING SERVICES](#)

*Imposes a new tax on the gross revenue from digital advertising services in the state that applies to companies with at least \$100 million in global annual gross revenues; directs the revenue from the tax to the Connecticut Equitable Investment Fund*

[§ 5 — EARNED INCOME TAX CREDIT](#)

*Increases the EITC from 23% to 40% and requires it to be funded through the Connecticut Equitable Investment Fund*

[§ 6 — ESTATE TAX REDUCTION FOR QUALIFYING INVESTMENTS](#)

*Expands the existing estate tax reduction for decedents that made qualifying investments during their lifetimes and ties the reduction to investments made in the Connecticut Equitable Investment Fund*

[§§ 7-12 — ONLINE LOTTERY](#)

*Requires CLC to establish an online lottery program and directs the program's revenue to the Connecticut Equitable Investment Fund*

[§ 13 — CONNECTICUT EQUITABLE INVESTMENT FUND](#)

*Establishes the Connecticut Equitable Investment Fund as a permanent investment fund to receive, invest, and distribute specified tax revenue; establishes the Connecticut Equitable Investment Council to oversee the fund*

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**§§ 14-16 — CORPORATION BUSINESS TAX SURCHARGE**

*Makes permanent the 10% corporation business tax surcharge*

**§ 17 — R&D TAX CREDITS**

*Increases the cap on the amount of R&D tax credits corporations may claim each year from 50.01% to 70% of their annual tax liability*

**§ 18 — INVEST CT TAX CREDIT CAP**

*Increases the aggregate cap on Invest CT tax credits by \$200 million*

**§ 19 — DIGITAL MEDIA TAX CREDIT**

*Allows film and digital media production tax credits to be claimed against the sales and use tax under certain conditions*

**§§ 20-24 — ADMISSIONS TAX ELIMINATION**

*Eliminates the admissions tax beginning July 1, 2021*

**§ 25 — CHILD TAX CREDIT**

*Beginning with the 2022 tax year, establishes a child tax credit against the income tax for resident taxpayers with qualifying incomes and allows such taxpayers to claim the credit for up to three children*

**§ 26 — INCOME TAX EXEMPTION FOR RETIREMENT INCOME**

*Phases out the income tax on certain taxpayers' income from IRAs, other than Roth IRAs, under the same conditions that apply to pension and annuity income*

**§ 27 — CAPITAL GAINS SURCHARGE**

*Imposes a 2% surcharge on capital gains for taxpayers with incomes in the top income tax bracket*

**§ 28 — PROPERTY TAX CREDIT AGAINST THE INCOME TAX**

*Extends, to the 2021 and 2022 tax years, the limits on eligibility for the property tax credit against the personal income tax*

**§ 29 — SALES AND USE TAX EXEMPTION FOR BREASTFEEDING SUPPLIES**

*Exempts breast pumps and certain related parts, supplies, kits, and repair services from the sales and use tax beginning July 1, 2021*

**§ 30 — REVENUE FROM MEALS AND BEVERAGES TAX**

*Allows certain businesses to keep a portion of the sales tax they collect on sales of meals and beverages for FY 22*

**§§ 31-35 — AMBULATORY SURGICAL CENTERS**

*Beginning July 1, 2021, terminates the 6% ASC gross receipts tax and instead subjects ASC services to a 6.35% sales tax, subject to certain exclusions; authorizes a refundable state credit against the sales tax for ASCs; allows ASCs to deduct certain COVID-19 expenses from their gross receipts for the period from July 1, 2020, to July 1, 2021*

**§§ 36-41 — CREDIT CARD SERVICE FEES**

*Generally requires state agencies accepting credit, debit, or charge card payments to charge payors a service fee for doing so and disclose the fee before imposing it*

**§ 42 — HIGHWAY USE TAX**



*Beginning January 1, 2023, imposes a HUT on carriers operating certain heavy, multi-unit motor vehicles on roads in Connecticut and deposits the revenue into the Special Transportation Fund*

#### § 43 — DRS TAX AMNESTY PROGRAM

*Requires DRS to establish a tax amnesty program for individuals, businesses, or other taxpayers that owe Connecticut state taxes that gives eligible taxpayers a 75% reduction in the interest that would otherwise be due*

#### § 44 — TRANSFER FROM THE GENERAL FUND TO THE TOURISM FUND

*Requires the comptroller to transfer specified amounts from the General Fund to the Tourism Fund for FYs 21 and 22*

#### § 45 — GAAP DEFICIT

*Deems that \$1 is appropriated in FYs 22-23 to pay off the state's GAAP deficit for FYs 13 and 14*

#### § 46 — TRANSFER OF FY 21 GENERAL FUND REVENUE TO FY 22 AND FY 23

*Requires the comptroller to designate \$235 million of FY 21 General Fund resources for use in FYs 22 and 23*

#### § 47 — TRANSFER FROM BUDGET RESERVE FUND (BRF) TO GENERAL FUND

*Requires the comptroller to transfer specified amounts from the BRF to the General Fund for FYs 22 and 23*

### BACKGROUND

### **SUMMARY**

This bill makes numerous changes to state tax laws. Among the provisions affecting individual taxpayers, the bill (1) establishes a new consumption tax on taxpayers with incomes above \$500,000; (2) imposes a 2% surcharge on capital gains for taxpayers with incomes in the top income bracket; (3) establishes a child tax credit for resident taxpayers with qualifying incomes; (4) increases the earned income tax credit from 23% to 40%; (5) extends the limits for the property tax credit to the 2021 and 2022 tax years; and (6) phases out the income tax on qualifying taxpayers' income from individual retirement accounts under the same conditions that currently apply to pension and annuity income.

The bill makes various business tax changes, including (1) establishing a per-mile highway use tax on carriers operating certain heavy, multi-unit motor vehicles on roads in Connecticut and

depositing tax revenue into the Special Transportation Fund (STF); (2) establishing a new voluntary wage compensation tax; (3) making the 10% corporation surcharge permanent; (4) eliminating the admissions tax; (5) establishing a new tax on digital advertising services on companies with at least \$100 million in global annual gross revenues; and (6) increasing the cap on the amount of research and development tax credits corporations may claim against their corporation business tax liability.

The bill authorizes the Department of Revenue Services (DRS) to establish a tax amnesty program for individuals, businesses, or other taxpayers that owe specified Connecticut state taxes. It also generally requires state agencies accepting credit, debit, or charge card payments to charge payors a service fee for doing so and disclose the fee before imposing it.

Lastly, the bill establishes the Connecticut Equitable Investment Fund as a permanent investment fund to receive, invest, and distribute specified tax revenue and creates a nine-member Connecticut Equitable Investment Council to manage and oversee the fund.

EFFECTIVE DATE: Various; see below.

## **§§ 1 & 2 — VOLUNTARY WAGE COMPENSATION TAX PROGRAM**

*Establishes a new voluntary wage compensation tax program under which eligible employees and vendors may elect to have employers pay a 5% tax on their respective wages or compensation; allows (1) electing employees and vendors to claim a refundable credit against their personal income tax equal to 95% of the taxes paid by the employer and (2) electing employees to deduct Roth IRA contributions made during applicable tax years; directs the revenue from the tax to the Connecticut Equitable Investment Fund established under the bill (§ 13)*

Beginning with the 2022 tax year, the bill authorizes eligible employees and vendors to elect to participate in a wage compensation tax program. Under this program, the employee's or vendor's employer must pay a tax on their respective wages or compensation. The employee and vendor, in turn, may claim a credit against their personal income tax for 95% of the taxes paid by the employer. Employees may also claim a deduction for any contributions made to a Roth individual

retirement account (IRA), as described below.

***Tax Rate and Base***

Under the bill, each employer required to deduct and withhold Connecticut state income tax from employee wages (i.e., “employer”) that employs an “electing employee” is subject to a 5% tax on the electing employee’s wages. An “electing employee” is one who (1) is required to have Connecticut state income tax withheld from their wages; (2) has annual gross wage income from the employer of more than \$40,000; and (3) has elected to participate in the program.

The bill bars employers from prohibiting employees from participating in the program, but it allows them to establish a reasonable minimum time period for which electing employees must continue participating in the program.

***Requirement to Notify Employees about the Program***

The bill requires each employer to inform its current and newly hired employees about the program and give them (1) information on how they may elect to participate in the program and (2) an estimated tax table that projects their wages and income tax liability if they do or do not participate. DRS must assist employers in preparing the estimated tax table.

***Vendors Issued 1099 Forms by Employers***

Beginning with the 2022 tax year, for any individuals to whom an employer issues a federal Form 1099 (i.e., vendors), the employer must offer to pay the wage compensation tax on the amount reportable on the form as if that amount were wages paid to the individual. The employer must provide these vendors with the same estimated tax table described above.

***Remitting the Tax***

Employers subject to the tax on employee wages or vendor compensation must remit the tax payments to DRS at the same time and in the same manner as they would for withholding tax payments. The

DRS commissioner must prescribe the form and manner for remitting the payments. Any individual responsible for remitting the tax on an employer's behalf is jointly and severally liable with the employer for any tax, amount, interest, or penalty owed.

***Refundable Income Tax Credit***

Beginning with 2022 tax year, the bill establishes an income tax credit for electing employees and vendors equal to 95% of the taxes paid by the employer on their respective wages or compensation. If the credit amount exceeds the taxpayer's income tax liability, the DRS commissioner must treat the excess as an overpayment and refund it to the taxpayer (subject to withholding it to pay certain debts or obligations) without interest.

***Revenue***

The bill requires DRS to deposit any revenue it collects from the tax, including related interest and penalties, to the Connecticut Equitable Investment Fund (see § 13).

***Collection and Enforcement***

The bill applies to the wage compensation tax certain tax collection and enforcement provisions that apply to the admissions and dues tax under existing law, unless these provisions are inconsistent with the bill. Among other things, these provisions cover (1) refunds for tax overpayments, (2) hearing and appeals processes, (3) penalties for certain willful violations or fraud, (4) record retention requirements for taxpayers, and (5) the issuance of tax warrants.

***Deduction for Roth IRA Contributions***

The bill allows electing employees to deduct from their Connecticut adjusted gross income the amount of any contributions they made during the tax year to a Roth IRA, so long as the electing employee participated in the wage compensation tax program for at least six months of the applicable tax year.

Federal law caps the total contributions taxpayers can make each year

to IRAs. For 2021, the cap is generally \$6,000 (or \$7,000 for taxpayers age 50 or older) or, if less, the taxpayer's compensation for the year. (Roth IRA contributions are further limited based on a taxpayer's filing status and income.)

EFFECTIVE DATE: Upon passage, except that the Roth IRA deduction is effective January 1, 2022, and applicable to tax years beginning on or after that date.

### § 3 — CONSUMPTION TAX

*Establishes a new consumption tax on state residents with federal AGIs of \$500,000 or more, ranging from 0.7% to 1.5% of their federal AGI; directs the revenue from the tax to the Connecticut Equitable Investment Fund*

#### **Rate and Base**

The bill imposes a new consumption tax on each state resident with a federal adjusted gross income of \$500,000 or more. (It is unclear how this \$500,000 threshold would apply across different filing statuses.) The tax applies to anyone who is considered a state resident for income tax purposes. By law, an individual is a Connecticut resident for a particular tax year if he or she (1) was domiciled here for the entire tax year, subject to certain exceptions, or (2) was not domiciled here but maintained a "permanent place of abode" here during the entire year and spent more than 183 days here during the year.

To calculate the tax due, taxpayers must multiply their federal adjusted gross income (AGI) for the preceding tax year by the applicable adjustment rate shown in Table 1.

**Table 1: Consumption Tax Rates**

Federal AGI	Adjustment Rate
\$500,000 to less than \$2 million	0.7%
\$2 million to \$13 million	1.4%
\$13 million or more	1.5%

Taxpayers must file a tax return with the DRS commissioner, as he prescribes, by the 15th day of the fourth month following the end of their tax year. They must pay the tax by this date regardless of any extension

for filing the return. The return must calculate the tax due for the preceding tax year.

The bill authorizes the commissioner to adopt implementing regulations for the tax.

### ***Delinquent Taxes***

Delinquent taxes are subject to a penalty of 10% of the tax due and unpaid or \$50, whichever is greater, plus interest at 1% for each month or fraction of a month from the due date to the payment date.

Subject to the Penalty Review Committee provisions, the commissioner may waive all or part of these penalties when it is proven to the commissioner's satisfaction that failing to pay the tax within the timeframe was due to reasonable cause and was not intentional or due to neglect.

### ***Collection and Enforcement***

It applies the same collection, enforcement, and appeal process requirements established in statute for the admissions and dues taxes to the consumption tax, unless the provisions are inconsistent with the bill.

### ***Revenue***

The bill requires DRS to deposit the revenue collected from the tax, including any related interest and penalties, in the Connecticut Equitable Investment Fund (see § 13).

EFFECTIVE DATE: January 1, 2022, and applicable to tax years beginning on or after that date.

## **§ 4 — DIGITAL ADVERTISING SERVICES**

*Imposes a new tax on the gross revenue from digital advertising services in the state that applies to companies with at least \$100 million in global annual gross revenues; directs the revenue from the tax to the Connecticut Equitable Investment Fund*

### ***Tax Rate and Base***

The bill imposes a new tax on the annual gross revenue businesses derive from digital advertising services in the state. It defines “digital advertising services” as advertisement services on a digital interface

(i.e., software that anyone can access with a device, including a website or application), including banner, search engine, and interstitial advertising and other comparable advertising services. (This tax could be vulnerable to a legal challenge that it violates the Internet Tax Freedom Act, which generally prohibits state and local governments from imposing discriminatory taxes on electronic commerce.)

The tax rate imposed depends on the company's global annual gross revenues. "Annual gross revenues" is income or revenue from all sources, before expenses or taxes, calculated in accordance with generally accepted accounting principles. The tax rate is:

1. 2.5% for companies with revenues of \$100 million to \$1 billion;
2. 5% for companies with revenues greater than \$1 billion but less than or equal to \$5 billion;
3. 7.5% for companies with revenues greater than \$5 billion but less than or equal to \$15 billion; and
4. 10% for companies with revenues greater than \$15 billion.

The rate applies to the company's annual gross revenues derived from digital advertising services in Connecticut (i.e., its "assessable base"). The DRS commissioner must adopt regulations to establish the method for apportioning digital advertising services revenue to the state for determining the assessable base.

Taxpayers subject to the tax must file a return with DRS, as prescribed by the commissioner, that calculates the tax due for the preceding tax year.

### ***Delinquent Taxes***

Delinquent taxes are subject to a penalty of 10% of the tax due and unpaid or \$50, whichever is greater, plus interest at 1% for each month or fraction of a month from the due date to the payment.

Subject to the Penalty Review Committee provisions, the

commissioner may waive all or part of these penalties when it is proven to the commissioner's satisfaction that failing to pay the tax within the timeframe was due to reasonable cause and was not intentional or due to neglect.

### **Collection and Enforcement**

The bill applies the same collection, enforcement, and appeal process requirements established in statute for the admissions and dues taxes to the digital advertising services tax, unless the provisions are inconsistent with the bill.

### **Revenue**

The bill requires DRS to deposit the revenue collected from the tax, including any related interest and penalties, in the Connecticut Equitable Investment Fund (see § 13).

EFFECTIVE DATE: January 1, 2022

## **§ 5 — EARNED INCOME TAX CREDIT**

*Increases the EITC from 23% to 40% and requires it to be funded through the Connecticut Equitable Investment Fund*

Beginning with the 2021 tax year, the bill increases the earned income tax credit (EITC) from 23% to 40% of the federal credit. The EITC is a refundable tax credit available to people who work and earn incomes below certain levels.

The bill requires the Connecticut Equitable Investment Council (as described in § 13 below) to transfer or disburse from the new Connecticut Equitable Investment Fund the amount sufficient to provide the EITC at the 40% rate.

EFFECTIVE DATE: July 1, 2021, and applicable to tax years beginning on or after January 1, 2021.

## **§ 6 — ESTATE TAX REDUCTION FOR QUALIFYING INVESTMENTS**

*Expands the existing estate tax reduction for decedents that made qualifying investments during their lifetimes and ties the reduction to investments made in the Connecticut Equitable Investment Fund*



The bill expands the existing estate tax reduction for decedents that made qualifying investments during their lifetimes. Under current law, decedents qualify for the deduction for amounts they invested for at least 10 years in a private investment fund or “fund of funds” through the Connecticut Innovations, Inc. investment program for state residents. The bill instead allows the deduction for investments made in the Connecticut Equitable Investment Fund (§ 13). As under current law, the reduction is equal to 50% of the eligible investment, up to \$5 million per decedent. The bill also eliminates the \$30 million cap on the total amount of reductions allowed under this program.

EFFECTIVE DATE: July 1, 2021, and applicable to the estates of decedents dying on or after January 1, 2021.

## **§§ 7-12 — ONLINE LOTTERY**

*Requires CLC to establish an online lottery program and directs the program’s revenue to the Connecticut Equitable Investment Fund*

### **Program Establishment (§ 7)**

The bill requires the Connecticut Lottery Corporation (CLC) to establish a program to sell lottery tickets for lottery draw games through its website, an online service, or mobile application (i.e., online lottery). It defines a “lottery draw game” as any game, other than keno, in which (1) one or more numbers, letters, or symbols are randomly drawn from a range at predetermined times, up to four times per day, and (2) prizes are paid to players with winning plays.

Under the bill, CLC may not establish the online lottery program until the consumer protection commissioner adopts regulations to implement the program and assure its integrity. CLC must also submit official game rules to the commissioner for each lottery draw game it seeks to offer through the program; the commissioner must approve them, in writing, before CLC can offer the game.

### **Program Requirements (§§ 7 & 8)**

The bill requires that the online lottery program, at a minimum, meet the following requirements:

1. verify that a person who establishes an online lottery account to purchase lottery tickets is at least age 18 and located in the state;
2. restrict sales to transactions initiated and received within the state;
3. allow a person to deposit money into an online lottery account and, through that account, use a credit or debit card or verified bank account;
4. limit online account users to only one debit or credit card;
5. provide that any money in an online lottery account belongs solely to the account's owner, who may withdraw the money at any time;
6. establish a voluntary process to allow individuals to exclude themselves from establishing an online lottery account or purchasing a ticket through the program;
7. be the subject of an independent review for responsible play at least every five years as assessed by industry standards;
8. provide responsible gambling and problem gambling information;
9. limit the amount of money a person may deposit into an online lottery account and spend per day through the program; and
10. display the results of lottery draw game drawings on the CLC website, online service, or mobile application, but the drawings must not take place on the website, service, or application.

The bill authorizes CLC, once it has established the program, to implement initiatives to promote (1) lottery ticket purchases through lottery sales agents and (2) online lottery draw games and lottery ticket purchases through lottery sales agents. It also requires CLC to conduct an online public awareness campaign on responsible gambling and programs available for preventing, treating, and rehabilitating

compulsive gamblers in the state.

Additionally, the bill authorizes CLC to advertise lottery games on its website, online services, or mobile application.

***Revenue (§ 7)***

The bill requires all revenue collected under the online lottery program to be deposited in the Connecticut Equitable Investment Fund (see § 13).

***Promotional Interactive Lottery Games (§ 8)***

Current law prohibits CLC from offering any interactive online lottery games, including online video lottery games for promotional purposes. The bill allows CLC to sell promotional games through its website, online service, or mobile application, so long as (1) there is no cost to play the promotional games, (2) no prizes or rewards of monetary value are awarded, and (3) there is no lottery ticket purchase required to play.

***Regulatory Cost (§ 9)***

By law, the Office of Policy and Management (OPM) annually assesses CLC an amount sufficient to compensate the Department of Consumer Protection (DCP) for its reasonable and necessary costs in regulating the lottery for each preceding fiscal year. The bill expands the range of regulatory costs covered by this assessment to include the online lottery program.

***Freedom of Information Act (FOIA) (§ 10)***

Under the bill, the name and any personally identifying information of a person who participates or participated in CLC's voluntary self-exclusion process are not public records and are exempted from disclosure under FOIA, with one exception. The CLC president may disclose the name and any records of a person who claims a winning lottery ticket from using the online program. By law, FOIA applies to the CLC. This means, among other things, that most of CLC's records are considered public and subject to disclosure, with limited exceptions

(e.g., unclaimed lottery ticket serial numbers).

### **Online Lottery on Credit (§§ 11 & 12)**

The bill makes conforming changes related to its provisions allowing online lottery program tickets to be bought using credit cards. Specifically, it exempts participation in the program from the laws voiding and recovering certain wagering contracts.

EFFECTIVE DATE: Upon passage

## **§ 13 — CONNECTICUT EQUITABLE INVESTMENT FUND**

*Establishes the Connecticut Equitable Investment Fund as a permanent investment fund to receive, invest, and distribute specified tax revenue; establishes the Connecticut Equitable Investment Council to oversee the fund*

### **Establishment of the Fund**

The bill establishes the Connecticut Equitable Investment Fund as a permanent investment fund to receive, invest, and distribute specified tax revenue. The fund must (1) contain any money the law requires to be deposited into it and (2) be held in trust separate from all other moneys, funds, and accounts. The fund's investment earnings must be credited to its assets, and any balance remaining in the fund at the end of each fiscal year is carried forward to the next year.

The bill requires the Connecticut Equitable Investment Council established under the bill to use the fund's assets for the purposes described below.

### **Revenue Deposited in the Fund**

The bill directs to the fund revenue from the following sources:

1. the wage compensation (§ 1), consumption (§ 3), and digital advertising taxes (§ 4) established under the bill;
2. any private investments made by state residents to be invested in venture capital firms in the state, as described below; and
3. any taxes the state collects and retains on or after July 1, 2021, on recreational cannabis and cannabis products and online

wagering.

### ***Connecticut Equitable Investment Council***

The bill establishes a nine-member council to manage and oversee the fund. The council's members are (1) the governor, state treasurer, and OPM secretary and (2) six members of the public, two each appointed by the governor, Senate president, and House speaker.

The governor chairs the council and must schedule meetings as needed, but at least once every calendar quarter, to implement and accomplish the programs and strategies described below.

***Use of the Fund.*** The bill requires the council to (1) protect and grow the fund for current and future generations through prudent, professional investment management and (2) support the state's economic growth through investment-in-place programs and strategies. These strategies must include:

1. building wealth in traditionally underserved communities by (a) attracting and retaining neighborhood wealth, (b) investing in human capital and infrastructure, (c) rebuilding community assets, (d) supporting community reinvestment, (e) increasing homeownership, and (f) creating employment pipelines;
2. reducing income inequality in the state by (a) funding the state EITC, (b) compensating worker value over productivity, and (c) expanding skill development and vocational and technical training opportunities;
3. retaining and attracting talent to the state by increasing the availability of venture capital; and
4. working with the state to reduce municipal reliance on property taxes through a statewide commercial property tax credit and initiatives to (a) prioritize municipal need and capacity, (b) fully fund the payment in lieu of taxes program, (c) reduce or eliminate intertown tax rate advantages, and (d) monetize land use.

The council must establish a review process and standards to evaluate the program and strategies that will help achieve these goals. It must annually distribute at least half of the fund's assets, other than the private investments described below, that are generated through the revenue streams that the council determines are less volatile.

***Program to Solicit Investments.*** The council must establish a program to solicit private investments from state residents that the council will invest in a private investment fund or "fund of funds." The investments must be in venture capital firms (1) with offices in Connecticut and (2) that assist business growth in a way that supports the funding goals described above.

EFFECTIVE DATE: July 1, 2021

## **§§ 14-16 — CORPORATION BUSINESS TAX SURCHARGE**

*Makes permanent the 10% corporation business tax surcharge*

The bill makes permanent the 10% corporation business tax surcharge, which under current law expires after the 2020 income year.

As under current law, the surcharge applies to companies that have more than \$250 in corporation tax liability and either (1) have at least \$100 million in annual gross income in those years or (2) are taxable members of a combined group that files a combined unitary return, regardless of their annual gross income amount. Companies must calculate their surcharges based on their tax liability, excluding any credits.

Under the bill, taxpayers are not subject to estimated tax payment requirements and interest on underpayments for the 2021 income year for any additional tax due as a result of this change for the period before the provisions take effect.

EFFECTIVE DATE: Upon passage

## **§ 17 — R&D TAX CREDITS**

*Increases the cap on the amount of R&D tax credits corporations may claim each year from 50.01% to 70% of their annual tax liability*

Beginning with the 2021 income year, the bill increases the cap on the amount of R&D tax credits corporations may claim each year against the corporation business tax. Current law caps the total value of credits corporations may claim at 50.01% of their annual tax liability. The bill allows them to use credits for research and development expenditures to reduce up to 70% of their liability (CGS §§ 12-217j and 12-217n).

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2021.

### **§ 18 — INVEST CT TAX CREDIT CAP**

*Increases the aggregate cap on Invest CT tax credits by \$200 million*

The bill increases the aggregate cap on Invest CT tax credits by \$200 million, from \$350 million to \$550 million. It retains the program's existing \$40 million annual cap. By law, the credits apply to the insurance premiums and surplus lines brokers tax, and investors qualify for them by investing in eligible businesses through state-certified business investment funds (i.e., Invest CT funds).

EFFECTIVE DATE: July 1, 2021

### **§ 19 — DIGITAL MEDIA TAX CREDIT**

*Allows film and digital media production tax credits to be claimed against the sales and use tax under certain conditions*

Beginning January 1, 2022, the bill allows film and digital media production tax credits to be claimed against the sales and use tax under certain conditions.

Specifically, under the bill, eligible production companies or other taxpayers claiming the credit (i.e., transferees) may only claim 92% of the credit's value when using it against the sales and use tax, and transferees may claim the credit against the tax only if there is at least 50% common ownership between the transferee and eligible production company that transferred the credit. Similar limitations apply under existing law to credits claimed against the gross receipts tax on cable, satellite, and competitive video services.

As under existing law, film and digital media production tax credits may also be claimed against the corporation business and insurance premiums taxes at full face value and may be sold, assigned, or otherwise transferred to other taxpayers up to three times.

EFFECTIVE DATE: January 1, 2022

## **§§ 20-24 — ADMISSIONS TAX ELIMINATION**

*Eliminates the admissions tax beginning July 1, 2021*

The bill eliminates the admissions tax beginning July 1, 2021.

Under current law, the admissions tax is generally 10% of amounts paid for tickets; licenses; skybox, luxury suite, or club seat rentals; and any other admission charges, including any charges for the right to buy seats, with certain exceptions. The tax is (1) 6% for movie tickets costing more than \$5 and (2) 5% for admissions to specified venues, such as the XL Center in Hartford and Oakdale Theatre in Wallingford. Certain events and facilities are exempt from the tax.

The tax covers, among other things, theaters; concert halls; amusement parks; sporting facilities, ball parks, race tracks, golf courses, beaches, and gyms; stadiums and amphitheaters; convention centers; auto, boat, antique, and dog shows; and other similar venues and events. The bill retains the 10% dues tax, which applies to amounts paid as dues or initiation fees to any social, athletic, or sporting club (i.e., organizations owned or operated, or both owned and operated, by members).

EFFECTIVE DATE: June 30, 2021

## **§ 25 — CHILD TAX CREDIT**

*Beginning with the 2022 tax year, establishes a child tax credit against the income tax for resident taxpayers with qualifying incomes and allows such taxpayers to claim the credit for up to three children*

The bill establishes a child tax credit (CTC) that resident taxpayers with qualifying incomes may claim against the personal income tax. Taxpayers may claim the credit for up to three children (age 16 and younger) that they validly claimed as dependents on their federal



income tax return for the applicable tax year. The credit phases in over two tax years (2022 and 2023). It does not apply against withholding tax.

The bill specifies that, for purposes of the CTC, a taxpayer's tax liability must be calculated without regard to the state earned income tax credit.

EFFECTIVE DATE: January 1, 2022

### ***Credit Amount***

Under the bill, taxpayers may claim either a nonrefundable or a refundable credit. The refundable credit is lower in value than the nonrefundable credit, but taxpayers who claim this credit may receive a refund for the portion of the credit that exceeds their income tax liability. The bill also caps the refundable credit amount at a specified percentage of a taxpayer's federal AGI. Table 2 shows the maximum credit amount by tax year.

**Table 2: Maximum Child Tax Credit Amount (Per Child)**

<b><i>Tax Year</i></b>	<b><i>Nonrefundable Credit Amount</i></b>	<b><i>Refundable Credit</i></b>	
		<b><i>Amount</i></b>	<b><i>Cap (% of AGI)</i></b>
2022	\$300	\$210	2.25 %
2023 and thereafter	\$600	\$420	4.50 %

### ***Income Thresholds and Credit Phase Out***

Under the bill, taxpayers are eligible for the full CTC if their federal AGIs are less than or equal to certain thresholds, which vary by filing status. For taxpayers with incomes exceeding these thresholds, the credit phases out at a rate of 10% for every \$1,000, or fraction of \$1,000, of AGI exceeding the threshold (e.g., a single filer with a federal AGI of \$101,500 is eligible for 80% of the full credit amount). Table 3 indicates the income thresholds at which taxpayers are (1) eligible for the full credit and (2) not eligible for the credit.

**Table 3: Child Tax Credit Income Thresholds**

<b>Filing Status</b>	<b>Maximum Credit Threshold</b>	<b>No Credit</b>
	<b>Federal AGI ≤</b>	<b>Federal AGI &gt;</b>
Single or Married Filing Separately	\$100,000	\$110,000
Head of Household	\$160,000	\$170,000
Married Filing Jointly or Surviving Spouse	\$200,000	\$210,000

**§ 26 — INCOME TAX EXEMPTION FOR RETIREMENT INCOME**

*Phases out the income tax on certain taxpayers' income from IRAs, other than Roth IRAs, under the same conditions that apply to pension and annuity income*

The bill phases out the income tax on certain taxpayers' distributions from IRAs, other than Roth IRAs, under the same conditions that apply to pension and annuity income.

As under existing law for pension and annuity income, the bill exempts an increasing portion of the IRA income until the income is fully exempt in the 2025 tax year as shown in Table 4. Taxpayers are eligible for the exemption only if their federal AGI is below (1) \$75,000 for single filers, married people filing separately, or heads of households and (2) \$100,000 for married people filing jointly.

**Table 4: Phase-In of Income Tax Exemption for Pension, Annuity, and IRA Income**

<b>Tax Year</b>	<b>Percent of Pension, Annuity, and IRA Income Exempt</b>
2022	56
2023	70
2024	84
2025 and thereafter	100

EFFECTIVE DATE: January 1, 2022

**§ 27 — CAPITAL GAINS SURCHARGE**

*Imposes a 2% surcharge on capital gains for taxpayers with incomes in the top income tax bracket*

Beginning with the 2022 tax year, the bill imposes a 2% surcharge on net gain from the sale or exchange of capital assets (i.e., capital gains) for taxpayers, other than trusts or estates, with incomes that exceed specified thresholds. The surcharge (1) applies to income classified as capital gains under federal income tax rules and (2) is in addition to any other tax, fee, or surcharge for which the taxpayer is liable.

Under the bill, the surcharge applies to taxpayers with Connecticut AGI of more than (1) \$500,000 for single filers and married individuals filing separately, (2) \$800,000 for heads of households, and (3) \$1,000,000 for married joint filers and surviving spouses.

The bill requires taxpayers subject to the surcharge to file a report with DRS by April 15 in the form, and containing the information, the commissioner prescribes. The report must accurately list the taxpayer's capital gains for the preceding tax year and the amount of the taxpayer's surcharge liability for that year. Any taxpayer who is required to file a report must pay, without assessment, notice, or demand, the surcharge by April 15.

The bill imposes, on any taxpayer who fails to pay the surcharge owed, a penalty of 10% of the tax due or \$50, whichever is greater. The penalty gathers interest at the rate of 1% per month or partial month from the due date of the surcharge until the date of payment. The commissioner may waive all or part of any penalty, subject to the law's provisions on the Penalty Review Committee, when the taxpayer proves to the commissioner's satisfaction that the failure to pay the surcharge was due to reasonable cause and not intentional or due to neglect.

The bill applies several collection, enforcement, and appeal process requirements established in statute for the admissions and dues taxes to the surcharge, except those provisions that are inconsistent with the bill. Under these provisions, the DRS commissioner can (1) impose a deficiency assessment and penalty; (2) impose record retention requirements on taxpayers and examine their records; and (3)

administer oaths, subpoena witnesses, and receive testimony. DRS must collect the tax and any penalties using the same methods for collecting unpaid admissions and dues taxes (i.e., tax warrants, liens against real property, and foreclosure against that property). Taxpayers can request a hearing on the amount of taxes they must pay and appeal the hearing decision if aggrieved. They may also request refunds from the commissioner if they believe they have overpaid. Lastly, an additional penalty may be imposed on taxpayers for willful violations or filing fraudulent returns.

The bill additionally allows the DRS commissioner to adopt implementing regulations for the surcharge.

EFFECTIVE DATE: January 1, 2022

#### **§ 28 — PROPERTY TAX CREDIT AGAINST THE INCOME TAX**

*Extends, to the 2021 and 2022 tax years, the limits on eligibility for the property tax credit against the personal income tax*

For the 2017 through 2020 tax years, the law limits eligibility for the property tax credit against the personal income tax to people who (1) are age 65 or older before the end of the tax year or (2) validly claim at least one dependent on their federal income tax return for that year. The bill extends these limits to the 2021 and 2022 tax years.

By law, taxpayers earn the credit for property taxes paid on their primary residences or motor vehicles, and the amount of property taxes paid that can be taken as a credit declines as adjusted gross income increases until it completely phases out. The maximum credit is \$200 per tax return. The bill also makes technical changes.

EFFECTIVE DATE: Upon passage, and applicable to tax years beginning on or after January 1, 2021.

#### **§ 29 — SALES AND USE TAX EXEMPTION FOR BREASTFEEDING SUPPLIES**

*Exempts breast pumps and certain related parts, supplies, kits, and repair services from the sales and use tax beginning July 1, 2021*

The bill exempts from the sales and use tax (1) breast pumps and

breast pump collection and storage supplies, when sold to individuals for home use; (2) repair services and repair or replacement parts for such breast pumps; and (3) breast pump kits, under certain conditions. The bill defines a “breast pump” as an electric or manual pump device for expressing milk from a human breast, including external power supply units for the pump that are packaged and sold with it.

***Breast Pump Kits***

Under the bill, a breast pump kit is a prepackaged set that contains one or more of the following items: (1) a breast pump, (2) breast pump collection and storage supplies, and (3) other items that may be useful to initiate, support, or sustain breastfeeding using a breast pump.

Breast pump kits prepackaged by the manufacturer are tax exempt if they are sold to individuals for home use and contain only tax-exempt breast pumps and breast pump collection and storage supplies. Breast pump kits are taxable if they contain taxable items for which the sales price is more than 10% of the kit’s total sale price.

***Breast Pump Collection and Storage Supplies***

The bill defines “breast pump collection and storage supplies” as items that are used in conjunction with a breast pump to collect milk expressed from a human breast and store it until it is ready for consumption. It specifically includes the following:

1. breast shields and their connectors,
2. breast pump tubes and tubing adapters,
3. breast pump valves and membranes,
4. backflow protectors and their adapters,
5. bottles and bottle caps specific to the pump’s operation,
6. breast milk storage bags, and
7. related items sold in a breast pump kit prepackaged by the breast

pump manufacturer.

The bill specifies that the following are not considered breast pump collection and storage supplies:

1. bottles and bottle caps not specific to the breast pump's operation;
2. breast pump travel bags or similar carrying accessories (e.g., ice packs and labels), unless sold in a breast pump kit prepackaged by the breast pump manufacturer;
3. breast pump cleaning supplies, unless sold in a breast pump kit prepackaged by the breast pump manufacturer;
4. nursing bras, bra pads, breast shells, or similar products;
5. creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breast or nipples. (Some of these creams and ointments may already be exempt under the nonprescription drug exemption (CGS § 12-412(120).))

EFFECTIVE DATE: July 1, 2021, and applicable to sales occurring on or after that date.

### **§ 30 — REVENUE FROM MEALS AND BEVERAGES TAX**

*Allows certain businesses to keep a portion of the sales tax they collect on sales of meals and beverages for FY 22*

For FY 22, the bill allows certain businesses (e.g., hotels, restaurants, and bars) to keep 13.6% of the 7.35% sales tax they collect on sales of meals and beverages. It applies to any establishment that sells meals (i.e., food sold in ready-to-eat form or wrapped as “take-out” or “to-go” to be eaten elsewhere) and is included in the accommodation and food services industry sector (i.e., sector 72 of the North American Industrial Classification System).

Under the bill, the establishments must report the amount of tax

collected from these sales for the period reported, the amount they retained, and any other information or documentation the DRS commissioner requires.

EFFECTIVE DATE: July 1, 2021, and applicable to sales occurring on or after that date.

## **§§ 31-35 — AMBULATORY SURGICAL CENTERS**

*Beginning July 1, 2021, terminates the 6% ASC gross receipts tax and instead subjects ASC services to a 6.35% sales tax, subject to certain exclusions; authorizes a refundable state credit against the sales tax for ASCs; allows ASCs to deduct certain COVID-19 expenses from their gross receipts for the period from July 1, 2020, to July 1, 2021*

### **Sales Tax on ASC Services**

Beginning July 1, 2021, the bill subjects to sales tax ambulatory surgical center (ASC) services performed by ASCs for a consideration, excluding services performed by an employee for his or her employer.

**Definition of ASC.** By law, and under the bill, an ASC is a distinct entity that (1) operates exclusively to provide surgical services to patients not requiring hospitalization, where the services are not expected to take more than 24 hours; (2) has an agreement with the Centers for Medicare and Medicaid Services (CMS) to participate in Medicare as an ASC; and (3) meets the federal requirements to do so.

**ASC Services Subject to Tax.** Under the bill, “ASC services” are the procedures and services included in a facility fee payment to an ASC that are (1) associated with a surgical procedure and (2) not reimbursable ancillary or professional procedures or services. They (1) include facility services only and (2) exclude surgical procedures and physicians’, anesthetists’, radiology, diagnostic, and ambulance services separately reimbursed to an ASC from the facility fee payment.

**Gross Receipts for Purposes of the Tax.** The bill limits the gross receipts from ASC services that are subject to sales tax to the amounts received (cash or in kind) from patients, third-party payers, and others for the provision of ASC services, including retroactive adjustments under reimbursement agreements with third-party payers. Gross receipts exclude the following:

1. the first \$1.5 million of gross receipts received during each 12-month period beginning July 1, excluding Medicaid and Medicare payments, for ASC services (presumably the ASC would track its gross receipts and begin applying sales tax after reaching this threshold);
2. Medicaid or Medicare payments received for ASC services;
3. payer discounts, charity care, and bad debts (as defined below);
4. amounts received by an ASC for tangible personal property used in connection with an ASC service (e.g., implants, devices, drugs, and biologicals), regardless of the payer; and
5. amounts received by an ASC that were or are subject to the current ASC gross receipts tax.

Under the current ASC gross receipts tax, gross receipts exclude (1) the first \$1 million of the ASC's gross receipts in the applicable fiscal year, excluding Medicaid and Medicare payments, and (2) gross receipts from any Medicaid and Medicare payments the ASC receives.

***Payer Discounts, Charity Care, and Bad Debts.*** "Payer discounts" is the difference between an ASC's published charges and the actual payments it received from third-party payers for a different or discounted rate or payment method. It excludes charity care and bad debts.

"Charity care" is free or discounted health care services provided to individuals who cannot afford to pay, including to the uninsured patient or patients who are not expected to pay all or part of an ASC's bill based on income guidelines and other financial criteria established in statute or in an ASC's charity care policies on file at its office. It does not include bad debts and payer discounts.

***Reporting Method.*** The bill allows ASCs to report their sales of ASC services on the cash basis of accounting, rather than on an accrual basis. It does so by extending to ASCs an existing provision that allows



retailers whose only sales are certain enumerated services and who report their sales on the cash basis of accounting for federal income tax purposes to do so for sales tax reporting purposes. Under the cash basis method of accounting, the retailer reports its sales during the filing period in which the customer provides payment regardless of when the services were rendered.

**Tax Credit.** The bill establishes a tax credit against the sales tax for ASCs equal to the following:

1. the greater of 50% of the aggregate amount of Medicaid payments (a) the ASC received during the applicable reporting period for ASC services or (b) that would have been due had those services been performed by and at a hospital instead (i.e., the “Medicaid investment”), plus
2. 25% of the aggregate payments received from or on behalf of each individual who is covered under the state employee health plan or MEHIP for the provision of ASC services (i.e., the “state health plan investment”).

If the credit amount allowed exceeds the ASC’s sales tax liability for the reporting period, the ASC must file a refund claim with DRS in the form and manner the DRS commissioner prescribes. After verifying the claim, the DRS commissioner must treat the excess as an overpayment and refund it to the ASC. DRS must add interest to the overpayment at a rate of 0.67% for each month or fraction of a month; the accrual period for this interest begins 90 days after DRS receives the ASC’s refund claim and runs until the date DRS provides notice that the refund is due.

Under the bill, an ASC that claims this credit and receives a refund is entitled to retain it for its own account and is not required to refund or pay it to any user or payer for ASC services.

### **ASC Gross Receipts Tax**

The bill terminates the ASC gross receipts tax as of July 1, 2021, and makes conforming changes.

It also allows ASCs to retroactively deduct COVID-19 expenses from their gross receipts for purposes of the tax for FY 21 (i.e., for calendar quarters from July 1, 2020, to July 1, 2021). Specifically, they may deduct any amounts they incurred, directly or indirectly, as a result of COVID-19, for the ASC's personnel, patients, service providers, visitors, facilities, or tangible personal property. This includes amounts for purchasing, leasing, licensing, or using tangible or intangible property in connection with COVID-19 tests, protection, prevention, or treatment.

Under the bill, "COVID-19" means the respiratory disease designated by the World Health Organization (WHO) on February 11, 2020, as coronavirus 2019 and any related mutation of it that the WHO recognizes as a communicable respiratory disease.

EFFECTIVE DATE: July 1, 2021, and applicable to calendar quarters beginning on or after July 1, 2021, except that the changes to the existing ASC gross receipts tax are effective June 1, 2021, and applicable to calendar quarters beginning on or after July 1, 2020.

## **§§ 36-41 — CREDIT CARD SERVICE FEES**

*Generally requires state agencies accepting credit, debit, or charge card payments to charge payors a service fee for doing so and disclose the fee before imposing it*

The bill generally requires state agencies accepting credit, debit, or charge card payments to (1) charge payors a service fee for doing so and (2) disclose the fee to payors before imposing it, in accordance with any disclosure requirements set by the card issuer or processor. It allows agencies to waive the service fee for a category of fees, costs, or fines if the OPM secretary approves the waiver.

Under current law, the OPM secretary may authorize agencies to charge a service fee for these payments, which must be (1) related to the cost of the service and (2) uniform for all cards accepted. The bill instead requires the service fee to (1) defray the service cost and (2) not exceed the charge imposed by the card issuer or processor, including any discount rate. As under existing law, the fee must be applied only when allowed or authorized in writing by the card issuer or processor.

Current law also authorizes agencies to accept payments through an electronic payment service. The bill retains this authorization but eliminates the agencies' authorization to charge a service fee for these payments.

The bill makes conforming changes to statutes on credit card payments to certain state agencies. Specifically, the bill:

1. requires, rather than allows, the motor vehicles commissioner to charge a service fee to payers making fee payments by credit card (§ 38);
2. requires the Department of Public Health (DPH) to charge a service fee for each credit card payment made under its online license renewal system (§ 39);
3. requires, rather than allows, the Probate Court to charge a service fee for any court fee card payments (§ 40); and
4. requires, rather than allows, the chief court administrator to charge a service fee for credit card payments made to the judicial branch (§ 41).

The bill requires these agencies to apply the same criteria described above in determining the rate or amount of their respective service fees. It also authorizes both the Department of Motor Vehicles (DMV) and DPH to waive their respective service fees if the OPM secretary has approved the fee category for a waiver, as described above. The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2022

## § 42 — HIGHWAY USE TAX

*Beginning January 1, 2023, imposes a HUT on carriers operating certain heavy, multi-unit motor vehicles on roads in Connecticut and deposits the revenue into the Special Transportation Fund*

Beginning January 1, 2023, the bill imposes a highway use tax (HUT) on every "carrier" for the privilege of operating, or causing to be

operated, certain heavy, multi-unit motor vehicles on any highway (i.e., public road) in the state.

Under the bill, a “carrier” is any person that operates a taxable motor vehicle (i.e., “eligible motor vehicle”) or causes one to be operated. Carriers do not include the United States, the federal government, or the state or any of its political subdivisions.

The bill establishes tax rates for eligible motor vehicles and requires carriers to obtain a permit from DRS and file monthly returns with the department. It applies to the HUT various collection, enforcement, and appeals process provisions that apply to other taxes under existing law.

The bill authorizes the DRS commissioner to adopt implementing regulations for the HUT and prohibits tax credits from being applied against the HUT.

EFFECTIVE DATE: Upon passage, and applicable to calendar months beginning on or after January 1, 2023.

#### ***Vehicles Subject to Tax (§ 42(a) & 42(j))***

The HUT applies to “eligible motor vehicles,” which are those (1) with a gross weight of 26,000 pounds (lbs.) or more and (2) in classes 8 through 13 of the Federal Highway Administration’s (FHWA) vehicle classification system (see Table 5).

Under the bill, “gross weight” is the light weight of a vehicle plus the weight of its load. In the case of a tractor-trailer unit, it means the tractor’s light weight plus (1) the light weight of the trailer or semitrailer and (2) the weight of the vehicle’s load. “Light weight” means the weight of an unloaded vehicle ordinarily equipped and ready for use, minus the driver’s weight.

**Table 5: FHWA Vehicle Classification and Tax Status**

Not Subject to HUT		Subject to HUT	
Class	Vehicles	Class	Vehicles
1	Motorcycles	8	Single trailer, 3- or 4- axle trucks

2	Passenger cars	9	Single trailer, 5-axle trucks
3	Pickups, panels, and vans	10	Single trailer, 6+ axle trucks
4	Buses	11	Multi-trailer, 5 or fewer axle trucks
5	Single unit, 2-axle trucks	12	Multi-trailer, 6-axle trucks
6	Single unit, 3-axle trucks	13	Multi-trailer, 7+ axle trucks
7	Single unit, 4+ axle trucks		

The bill requires each carrier to maintain, on a monthly basis, a list of all eligible motor vehicles it operated or caused to be operated in the month. Carriers must maintain these lists for at least four years after the month's date and make them available to DRS upon request.

### ***Tax Rate (§ 42(b))***

The bill requires carriers to determine their tax due on a monthly basis by (1) calculating the number of miles traveled by each eligible motor vehicle the carrier operated or caused to be operated in the state and (2) multiplying each vehicle's miles traveled by the rate corresponding to its gross weight. The rates range from 2.5 cents per mile to 17.5 cents per mile, as shown in Table 6.

**Table 6: Highway Use Tax Rates (per mile)**

Gross Weight (lbs.)	Rate (cents per mile)	Gross Weight (lbs.)	Rate (cents per mile)
26,000-28,000	2.50	54,001-56,000	6.54
28,001-30,000	2.79	56,001-58,000	6.83
30,001-32,000	3.08	58,001-60,000	7.12
32,001-34,000	3.37	60,001-62,000	7.40
34,001-36,000	3.65	62,001-64,000	7.69
36,001-38,000	3.94	64,001-66,000	7.98
38,001-40,000	4.23	66,001-68,000	8.27
40,001-42,000	4.52	68,001-70,000	8.56
42,001-44,000	4.81	70,001-72,000	8.85
44,001-46,000	5.10	72,001-74,000	9.13
46,001-48,000	5.38	74,001-76,000	9.42

48,001-50,000	5.67	76,001-78,000	9.71
50,001-52,000	5.96	78,001-80,000	10.00
52,001-54,000	6.25	80,001 and over	17.50

### **Returns (§ 42(c))**

Under the bill, each carrier must file a monthly return with DRS in a form and with the information that the commissioner requires and pay the taxes owed. The returns and tax payments are due by the last day of the month following the month for which a carrier is filing a return. The bill requires carriers to file returns and pay the tax by electronic funds transfer in accordance with existing law.

### **Deposit and Recording of Revenue (§ 42(c) & 42(r))**

The bill requires the DRS commissioner to deposit HUT revenue into the STF (see BACKGROUND). This comports with existing law, which requires that, beginning July 1, 2015, all funds that the state receives or collects on account of, or derived from, the use of highways be credited to the STF (CGS § 13b-61(b)(19)).

At the close of each fiscal year, beginning with FY 23, the bill authorizes the state comptroller to record as revenue for the fiscal year the amount DRS received from the HUT no later than five business days after the end of July following the end of the fiscal year.

### **HUT Permits (§ 42(d) & 42(e))**

**Application and Issuance.** The bill requires each carrier to apply to DRS for a HUT permit in the manner and with the information he prescribes. It prohibits carriers from operating, or causing to be operated, any eligible motor vehicle in the state without a HUT permit on or after January 1, 2023.

DRS must grant and issue a permit to a carrier upon receiving its fully completed application. The permit is (1) valid only for the carrier to which it is issued and the eligible motor vehicles the carrier operates or causes to be operated and (2) not assignable (i.e., it cannot be transferred to another carrier). Carriers must keep a copy of the permit in each

eligible motor vehicle they operate or cause to be operated.

***Suspension, Revocation, and Cancellation.*** Under the bill, DRS must order a hearing if a carrier (1) fails to comply with any HUT provision or (2) files a return for four successive months indicating that none of the eligible motor vehicles that the carrier operated or caused to be operated used roads in the state. During the hearing, the carrier must show cause as to why its permit should not be (1) suspended or revoked for failing to comply with any HUT provision or (2) cancelled for filing returns showing no road use in Connecticut.

The commissioner must give written notice of the hearing's date, time, and location, personally or via registered or certified mail, at least (1) 10 days before a hearing for failure to comply with any HUT provision and (2) 30 days before a hearing for returns indicating no road use in the state. If the commissioner revokes or suspends a permit after a hearing, he must not restore it or issue a new permit to the carrier until he is satisfied that it will comply with the HUT. If he cancels a permit, he must not issue a new one until he is satisfied that the carrier will use roads in the state.

***Tax Collection and Enforcement (§ 42(f)-42(n) & 42(p))***

The bill applies various collection, enforcement, and appeals process provisions to the HUT that apply to other taxes under existing law. They include the following:

1. The DRS commissioner may (a) impose a deficiency assessment and penalty; (b) impose record retention requirements on taxpayers and examine all of their records; (c) administer oaths, subpoena witnesses, and receive testimony; and (d) collect the tax and any penalties using the same methods for collecting unpaid admissions and dues taxes (i.e., tax warrants, liens against real property, and foreclosure against that property).
2. Carriers may (a) request a hearing from the commissioner on the amount of taxes or related penalties they must pay and appeal the hearing decision to Superior Court if aggrieved and (b) apply

for a refund if they believe they overpaid the HUT.

Table 7 lists the penalties in existing law that the bill applies to the HUT. Additionally, any person that knowingly violates a HUT-related provision for which a penalty is not provided must be fined \$1,000.

**Table 7: Penalties Applicable to the HUT**

Action	Penalty
Deficiency assessment	Amount of deficiency plus 1% monthly interest  10% of deficiency amount or \$50, whichever is greater, if the deficiency was due to negligence or intentional disregard  25% of the deficiency amount if the deficiency was due to fraud or an attempt to evade
Return made by DRS commissioner when no return has been filed	10% of the tax due or \$50, whichever is greater, plus 1% monthly interest
Willful failure to pay tax, file return, keep records, or supply information	Up to one year of imprisonment, fine of up to \$1,000, or both, in addition to any other penalty provided by law
Willful delivery or disclosure to DRS commissioner of false or fraudulent documents	Class D felony (i.e., up to five years' imprisonment, fine of up to \$5,000, or both), in addition to any other penalty provided by law
Willful failure by a person, other than a carrier, that is required on the carrier's behalf to collect, truthfully account for, and pay the HUT	Total amount of tax evaded, not collected, or not accounted for and paid, including any penalty or interest attributable to the above violations  Applies in addition to other penalties the law provides

## **§ 43 — DRS TAX AMNESTY PROGRAM**

*Requires DRS to establish a tax amnesty program for individuals, businesses, or other taxpayers that owe Connecticut state taxes that gives eligible taxpayers a 75% reduction in the interest that would otherwise be due*

The bill requires the DRS commissioner to establish a tax amnesty program for individuals, businesses, or other taxpayers that owe Connecticut state taxes (other than motor carrier road taxes) to DRS. Under the program, eligible taxpayers may receive a 75% reduction in the interest that would otherwise be due. The amnesty runs from November 1, 2021, to January 31, 2022, and covers any taxable period



ending on or before December 30, 2020.

### ***Amnesty Conditions***

The DRS commissioner must prepare an amnesty application that requires applicants to specify the taxes and taxable periods for which they seek amnesty. The bill allows the commissioner to require that taxpayers file amnesty applications and pay any associated amounts electronically. Applicants must pay all amounts due to the state under the program with their applications.

If a taxpayer files the application and pays all the taxes and interest owed for the applicable tax periods, the commissioner must refrain from seeking to collect applicable civil penalties and seeking criminal prosecution for those periods.

If the commissioner grants amnesty, the affected taxpayer relinquishes all unexpired administrative and judicial appeal rights as of the payment date. The act bars taxpayers from receiving any refund or credit of amnesty tax payments. Failure to pay all amounts due makes a taxpayer ineligible for amnesty. The commissioner may not consider any request to cancel the unpaid portion of any erroneously or illegally assessed tax, penalty, or interest in connection with any amnesty application.

The commissioner may not accept amnesty applications for any applicable tax periods in which the taxpayer's liability for such period has already been paid, unless the application is filed to report an additional tax amount for that period. Amnesty applications may not result in a refund or credit of any tax, penalty, or interest previously paid.

### ***Interest Reduction***

Eligible taxpayers who apply for the amnesty program qualify for a 75% reduction of the interest that would otherwise be owed on the taxes for the applicable periods. (The interest rate on overdue taxes is generally 1% per month.) A taxpayer's eligibility for this interest reduction is subject to the commissioner's review of his or her

application and, if granted by the commissioner, compliance with the amnesty program's requirements.

***Amnesty Exclusions***

The bill bars any amnesty for those who:

1. are parties to any criminal investigation or criminal litigation pending on July 1, 2021, in any federal or Connecticut court;
2. are parties to a closing agreement with the DRS commissioner;
3. have made a compromise offer that has been accepted by the commissioner; or
4. are parties to a managed audit agreement.

***Penalty for Failing to File for 2013 Amnesty Program***

Current law imposes a penalty on any taxpayer who (1) owes any tax for tax periods on or before November 30, 2012, for which a tax return was required but not previously filed and (2) failed to file a timely amnesty application under the state's 2013 amnesty. The penalty is equal to 25% of the tax owed and may not be waived.

Under the bill, the penalty does not apply to tax periods ending on or before November 30, 2012, for which no return was previously filed if the (1) tax period is the subject of or included in an amnesty application granted by the commissioner under the bill's provisions and (2) taxpayer pays all amounts due to the state in connection with the application, as described above.

***Penalty for Fraud***

Under the bill, anyone who willfully delivers or discloses to the commissioner or the commissioner's authorized agent any application, list return, account, statement, or other document known by him or her to be fraudulent or false in any material matter is ineligible for the amnesty program and, in addition to any other penalties provided by law, subject to a fine of up to \$5,000, imprisonment for between one and five years, or both.

**Implementation**

The bill gives the DRS commissioner authority to do anything necessary to implement the program in a timely fashion.

EFFECTIVE DATE: Upon passage

**§ 44 — TRANSFER FROM THE GENERAL FUND TO THE TOURISM FUND**

*Requires the comptroller to transfer specified amounts from the General Fund to the Tourism Fund for FYs 21 and 22*

The bill requires the comptroller to transfer, from the General Fund to the Tourism Fund, (1) \$9.8 million for FY 21 and (2) \$3.1 million for FY 22.

EFFECTIVE DATE: Upon passage

**§ 45 — GAAP DEFICIT**

*Deems that \$1 is appropriated in FYs 22-23 to pay off the state's GAAP deficit for FYs 13 and 14*

The bill deems that \$1 is appropriated in FYs 22 and 23 to pay off the General Fund's unassigned negative balances (i.e., Generally Accepted Accounting Principles (GAAP) deficits) for FYs 13 and 14, which reflect the negative balances that accumulated before the state adopted GAAP in FY 14. By law, the OPM secretary must annually publish recommended schedules to fully amortize the deficits by FY 28.

EFFECTIVE DATE: Upon passage

**§ 46 — TRANSFER OF FY 21 GENERAL FUND REVENUE TO FY 22 AND FY 23**

*Requires the comptroller to designate \$235 million of FY 21 General Fund resources for use in FYs 22 and 23*

By June 30, 2021, the bill requires the comptroller to designate \$235 million of FY 21 General Fund resources to be accounted for as FY 22 and FY 23 General Fund revenue (\$117.5 million for each year).

EFFECTIVE DATE: Upon passage

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**§ 47 — TRANSFER FROM BUDGET RESERVE FUND (BRF) TO GENERAL FUND**

*Requires the comptroller to transfer specified amounts from the BRF to the General Fund for FYs 22 and 23*

The bill requires the comptroller to transfer, from the BRF to the General Fund, (1) \$890 million on July 1, 2021, to be used as FY 22 revenue and (2) \$995 million on July 1, 2022, to be used as FY 23 revenue. He must reduce these transfers by the amount of any federal aid the state receives that is used to reduce state budgetary requirements for the fiscal year.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Related Bills***

SB 1107, favorably reported by the Finance, Revenue and Bonding Committee, contains identical provisions on the ASC gross receipts tax and sales tax on ASC services.

sSB 888 (File 569), favorably reported by the Judiciary Committee, establishes a state excise tax on cannabis and directs the revenue to the General Fund and two new accounts for specified purposes.

sSB 570 (File 396) and sHB 6451 (File 384), favorably reported by the Public Safety and Security Committee, among other things, authorize CLC to operate an online lottery program subject to several conditions, including specific contractual agreements with the Mashantucket Pequot and Mohegan tribes.

sSB 146 (File 395), favorably reported by the Public Safety and Security Committee, prospectively directs funds received from an online lottery program the CLC establishes to the state's debt-free community college program.

***Special Transportation Fund***

The STF is a dedicated fund used to finance the state's transportation infrastructure program and operate Department of Transportation

(DOT) and DMV (CGS § 13b-68). The law requires that specified tax revenue (e.g., fuel taxes and a portion of sales and use tax revenue) and various transportation-related fees, fines, and charges be credited to the STF. By law, STF revenue is pledged to Special Tax Obligation (STO) bonds issued for transportation projects through DOT's capital program (CGS §§ 13b-74 to 13b-77), and its resources must be used first to pay off STO bond debt service.

Both the state constitution and the general statutes contain a "lockbox" provision, which preserves the STF as a perpetual fund; requires that the fund be used exclusively for transportation purposes, including paying transportation-related debt; and requires that any funding sources directed to the STF by law continue to be directed there, as long as the law authorizes the state to collect or receive them (Conn. Const., art. III § 19; CGS § 13b-68(b)).

### **COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea    26    Nay    22    (04/22/2021)